

# REPORT: Political donations and the roadway lobby

By the Office of NSW Senator Lee Rhiannon

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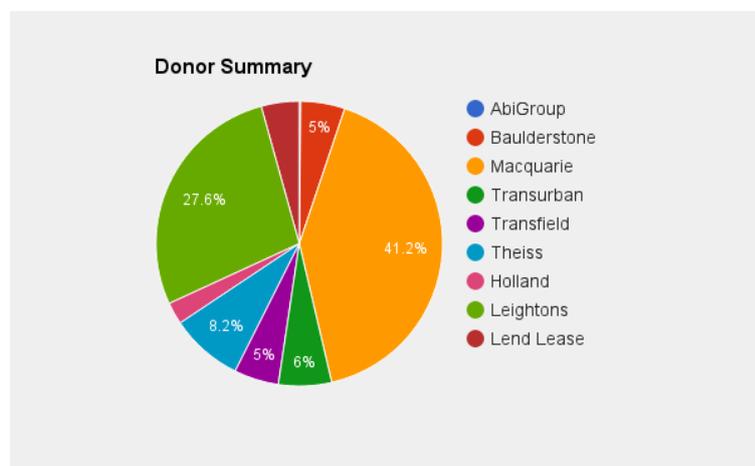
This report analyses donations from companies associated with the road and tollway lobby over 15 years.

Big players with a stake in the tollway industry were identified - and a search made of the Australian Electoral Commission's donations database. It is acknowledged that the list may not be complete and that some of the players involved are also involved in other industries and thus have a stake in other decisions relevant to construction and related industries.

Major companies such as Leighton Contractors and its subsidiaries Thiess and John Holland (up to end 2014), Transfield Services, Transurban, Lend Lease, Boral, Boulderstone Hornibrook, the NRMA (which was a strong supporter of the road industry) were included in the road lobby.

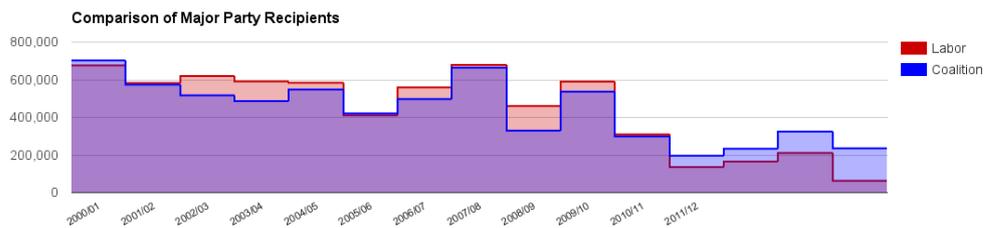
## DONATION TOTALS 2000-2015

Macquarie	\$5,061,170
Leightons	\$3,391,404
Theiss	\$1,009,610
Transurban	\$733,553
Transfield	\$618,534
Boulderstone Hornibrook Pty Ltd	\$612,498
NRMA	\$570,002
Lend Lease	\$525,668
Boral	\$415,082.50
Holland	\$306,795

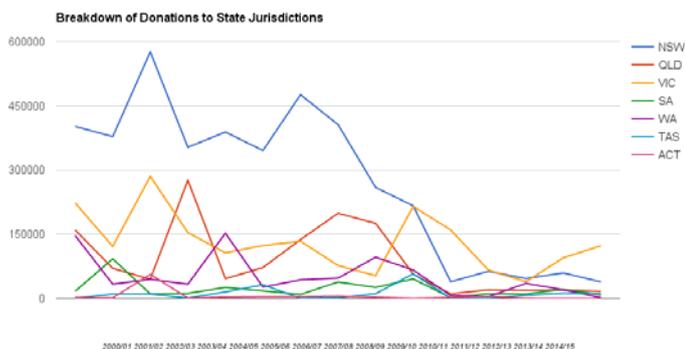


## DONATIONS: STATE/FEDERAL AND PARTY BRANCHES

During the period between 2010 and 2015, a massive \$13,270,226 has been donated to the Liberal, National and Labor parties. Of this, \$6,636,638 was donated to federal and state branches of the Labor party and \$6,565,299 to the Coalition, including \$5,651,442 to branches of the Liberal party and \$758,607 to the National Party. This is a conservative figure because transparency in donations varies in different jurisdictions. Due to our weak disclosure laws, it is near impossible to know how much money is being paid to political parties, by whom, or for what purpose. So it is likely that the figures presented here are an underestimate.



An analysis of the donations by broken down by federal branches and by state shows that the federal branches of the Labor and Liberal parties received \$4,496,462, more than any individual state. NSW received the most money of any state with \$4,047,251 followed by Victoria with \$1,973,467 and Queensland with \$1,320,996.



The analysis shows that between the years 2002/3 and 2009/10 the Labor party tended to get more donations, largely accounted for by donations to NSW Labor governments.

The Greens NSW began pressuring for donations reform in NSW in 2002. In 2009 the NSW Labor government finally banned donations from developers including from construction companies. This has led to a decline in these type of donations in NSW. During the same period, the Howard LNP government refused to reform donation laws and in fact loosened them. Since the NSW reforms there has been a swing in donations towards the Federal branches of parties. Since the LNP won government in NSW in 2011 and federally in 2013, more donations have been flowing to the LNP

although there is a drop overall, perhaps because more political and media attention has been focussed on the corrupting influence of donations on the political process.

The definition of 'corruption' is no longer necessarily a quid-pro-quo arrangement. The High Court argued in *McCloy v NSW* [2015] that "reliance by political candidates on private patronage may, over time become so necessary as to sap the vitality, as well as the integrity, of the political branches of government". This form of corruption, arising from a pattern of donations rather than a crude quid-pro-quo arrangement, is called 'clientelism'. **In the context of the road lobby, this means corrupt policy trajectories may arise from a history of relatively small to medium size donations, rather than big donations given at key moments in decision-making.**

It is important to note that big infrastructure projects such as the \$16.8 billion WestConnex are jointly funded and promoted by Federal and State government so you would expect donations to flow to both levels.

### **ROAD LOBBY COMPANIES**

The big players in the Australian road lobby are a small group of increasingly overseas owned companies which construct, operate and finance the industry.

The analysis of donor returns showed that Abigroup, Macquarie, Transurban, Transfield Services, Lend Lease and Leightons with its subsidiaries Thiess and John Holland accounted for 78% of the total donations. Other donors include Boral Ltd, which has large interests in concrete, which declared \$415,082.50 in donations and the roads organisation the NRMA with \$570,002. The NRMA then led by CEO ex NSW Nationals MP Wendy Machin was one of the first to welcome the WestConnex project in 2012, repeating many of the PR claims that have been continually repeated since then.

There are lots of links between companies in the roads industry. Most major bids for infrastructure projects tend to be made by consortiums involving a number of major industry players.

### **MACQUARIE**

Macquarie has declared the largest amount of donations. It is a huge donor to both LNP and Labor. While it began as an Australian company in the 1990s, it is now a global player which operates in 28 countries. While it also has investments in agriculture and commodities, Macquarie has been heavily involved in promoting the tollway industry in both Australia and in operating tollroads overseas. Some Macquarie donations that were clearly related to the telecommunications industry were not included. All donations relating to the Macquarie Group and Bank generally were included.

Over 15 years, entities associated with Macquarie donated \$5,061,170. In 2000/1, 2003/4, 2004/5 and 2013/4, it donated more than \$400,000 and in no year did it contribute less than \$150,000.

### **LEIGHTON**

Leighton Contractors was the second biggest donor of the companies analysed. Leightons is heavily involved in Australian road building and maintenance. It has been involved in motorways since the early 1990s including in a number of toll roads some of which initially financially failed. After a large

amount of negative publicity due to allegations that it was involved in paying bribes for contracts and other improper offshore activities, Leightons changed its name to CIMIC (but is still widely known as Leightons). It is now owned by Spanish global giant Grupo ACS.

Leightons and its subsidiaries Thiess and John Holland have declared \$4,707,810 in donations.

### **OTHER BIG DONORS**

Since 2009/10 to 2014/2015, Leightons has declared \$705,650 in donations. These have been almost evenly split between Labor that received 50.7% and the Coalition (Liberal 43.4% and Nationals 5.9%) with 49.9%. Most of this money has gone to Federal branches with the biggest donations occurring in the 2009/2011 when the Gillard Labor government was in power.

Other big donors that emerged from the analysis are:

- Lend Lease which took over Balderstone and Abigroup
- Transurban that dominates the tollway business
- Transfield Services that has been renamed Broadspectrum, which has now been taken over by global transport infrastructure giant Ferrovial

Transurban declared \$733,553 in donations. Its heaviest years of donations were in 2006 - 2008.

**Transurban has ended up owning nearly all Australian toll roads, including some failed ones that it bought very cheaply.** It is responsible for the NorthConnex project in Sydney. Scott Charlton, the CEO worked at Lend Lease and Leightons.

While it is not an aspect of this report, further research is needed on how the global companies that are increasingly play a big role in the Australian infrastructure scene may influence the political process through travel, entertainment and other forms of political support.

### **DONATION TRENDS AND WESTCONNEX**

Leightons is a big winner out of the controversial WestConnex project after the NSW government awarded it more than \$8 billion in contracts across the first two stages of WestConnex.

As reported above, the analysis shows that Leighton along with its subsidiaries Thiess and John Holland (sold at the end of 2014) has donated at least \$4,707,810 over 15 years.

The planning process for WestConnex has been highly unusual with contracts being granted before the NSW Planning Department gives its approval for various stages. **In fact, key lobbying and behind the scenes decisions with WestConnex were made in 2010 - 2013 when the privately funded tollway model was collapsing and the road lobby was keen to secure public funding for their tollway projects.** But the road lobby had been pushing versions of the WestConnex since the early 2000s. NSW Labor ditched a proposal to bring the M4 motorway to the city in 2009 after huge community pressure threatened electoral losses but has never dropped its support for extending the M4 East, a project which is part of WestConnex, to the CBD.

In 2010 Labor governments were in power both federally and in NSW. Key elections during the following years were the narrowly won election of the Gillard Labor government on August 2010; the election after years of Labor rule in NSW of the Coalition O'Farrell government on March 26 2011; and the election of the Abbott now Turnbull Coalition government on 2013.

On July 17, 2010, the Labor Prime Minister Julia Gillard announced that a Federal election would be held on August 21.

Leightons annual return for 2010 - 2011 shows that the company made a \$50,000 donation to Federal Labor on July 7 2010 and further donations to Federal Labor totally more than \$10,000 between July and April 2011. On July 7, Leighton also made a donation of \$70,000 to the Federal Liberal Party and on July 30, \$5,500 to the Federal Branch of the National Party and further \$10,000 on August 27 and a further \$1750 before June 2011.

The model of privately funding tollways was collapsing during these years as a number of tollways went bankrupt. The industry was promoting a new model of tollway funding that would mean that governments would carry the financial risk. One of those promoting a new model was Transfield Services director Tony Shepherd.

**It was during 2011 that evidence was beginning to emerge about Leighton's' corrupt activities outside Australia since 2011.** On February 25 2012, Fairfax Media reported on a number of allegations involving corrupt activities of executives in the company's offshore activities. Over the next year, Fairfax investigative journalism published a large number of reports about corruption and impropriety at Leightons.

The new LNP government set up Infrastructure NSW with ex Liberal Premier Nick Greiner as its Chair. With Macquarie Airports' director Max Moore-Wilton and ex CEO of another donor Boral Rod Pearse on its Board, it was heavily weighted towards private infrastructure interests. In October 2012, [Infrastructure NSW announced](#) that it was recommending a 33km system of tollways for Sydney which it called WestConnex. This included elements of Labor's earlier proposals.

Despite the corruption allegations and the company's record of being involved in failed tollways, Leightons was one of several companies that was invited to be part of the planning and developing WestConnex. This was a key moment in a number of decisions through which the O'Farrell government attempted to make the project a political fait accompli.

On January 28, 2013, the Shadow Minister for Infrastructure in the Gillard government, Anthony Albanese announced \$25 million to "advance the WestConnex project". The NSW government invited a number of companies to work on the business case that would justify WestConnex. One of those companies was Leightons.

Greens Senator Lee Rhiannon first raised the issue of donations and WestConnex tollway company political donations in February 2013 when she told the Senate, "The ears of politicians have been successfully bent by the likes of the motorway construction companies... companies like John

Holland, Leighton, Thiess and Macquarie Bank have given big donations to the major parties. The public do not know if deals are done behind closed doors, but there is the perception that MPs are favouring private road building businesses at the expense of public transport.”

In the March 4 2013 budget, Labor included \$1.8 billion for the WestConnex. One of its conditions was that it should go to the Sydney CBD. The LNP opposition promised \$1.5 billion.

In 2013, Leightons Contractors and Thiess were [awarded more than \\$4 million dollars](#) to work on early plans to justify WestConnex.

Analysis of Leightons donations for 2012/2013 shows that several donations during this critical period totalled \$7,272 to Federal Labor on September 11, December 18, February 6. March 13 and April 18. The very strongly pro-tollway Tony Abbott led opposition received \$2,450 in Leightons donations to the Federal Liberal Party branch, \$2,200 to the Tasmanian Liberal Party and \$909 to the Nationals.

In 2013/2014, Leightons donated a further \$10,700 to Federal Labor with the Liberal party only receiving \$3000.

#### **FERROVIAL, TRANSFIELD SERVICES AND BROADSPECTRUM**

Spanish construction giant Ferrovial has been involved in toll roads with Macquarie since 2003 and in overseas airports since 2008. It recently took over Broadspectrum, the renamed Transfield Services. It has also been heavily involved in operating offshore detention centres on Nauru and Manus from 2010.

The [donations return for Transfield Services](#) in 2010 recorded that on March 19 2010, NSW ALP organised a fundraising lunch with Labor Treasurer Wayne Swan and the Minister for the Status of Women Tanya Plibersek at which Transfield Services donated \$2500. **On June 7, 2010 Transfield Services attended a dinner with then Labor MP and now Opposition Leader Bill Shorten and Minister for Infrastructure and Transport Anthony Albanese and donated \$2500.** Two weeks later, Transfield attended a dinner for PM Julia Gillard at which a further \$5000 was donated. A week later a further [\\$1000 was donated at an NSW ALP budget dinner](#).

On June 5, 2012 Transfield Services (now called Broadspectrum) donated \$5500 to the North Sydney Business Forum, a business political funding associated with then North Sydney Liberal MP Joe Hockey. **Tony Shepherd was then Chairperson of Transfield Services and went on to be Chairperson of the WestConnex Delivery Authority and continues to be a promoter of WestConnex.**

Ferrovial was also an early beneficiary of WestConnex. In early 2013, it was [awarded \\$1,654,458 to perform the preliminary business case](#) that was criticised by the NSW Auditor General in his 2014 report.

## MACQUARIE

Macquarie is also heavily involved in the toll road industry for more than a decade and in the planning and financing of WestConnex.

In 2012, Macquarie Capital was granted \$3,591,500 to work on the financing of WestConnex until October 2070.

Last week, the AFR [reported that](#) Macquarie has “kicked off discussions with Australian and offshore tollroad operators, banks, investment funds and infrastructure investors as it goes about finding billions of dollars for the country's biggest ever transport project, WestConnex.” It is not known how much more Macquarie is being paid for these services because last year the Baird government privatised the WestConnex Delivery Authority. It was replaced by a publicly owned private company that is not subject to the NSW Government information Public Access (GIPA) Act and does not publish its contracts.

Over the last 6 years (2010-2016), Macquarie's donations returns show that it has donated \$1,957,344. These donations show that Macquarie has donated more to the Liberal and National parties than to the Labor Party. It has donated \$1,004,911 to the Liberal Party and another \$108,200 to the National Party compared to \$765,343 to Labor. Most of these donations have been to the Federal branches of the parties (\$1,082,609). Victorian branches have received more of Transfield Services donations than other states.

## FUNDING EVENTS AND BEHIND THE SCENES MEETINGS

The amounts of donations only tell part of the story. Donations buy access to politicians and an IOU mentality. Most donors do not reveal the detail of donations, especially in more recent years when the media have become more aware of the role that donations play in hidden access and behind the scenes influence.

However there are some exceptions including the detail recorded in Transfield Services returns mentioned above. Leightons Contractors and subsidiaries also provided some detail in earlier years which provides useful insights.

[Leightons 2003 return records](#) that company executives attend an ALP business leaders lunch (\$1100), a Progressive Business (Victorian Associated with ALP) for \$2500, the then Victorian Premier Steve Brack's State Sports Stars dinner (\$12,500), a dinner for ex-Premier Bob Carr ( \$5500) and for ALP ex-Premier Morris Iemma ( \$1250). \$1100 was donated to the ALP Strathfield campaign via lobbyist Hawker Britton (\$1100) and \$1000 to Morris Iemma via EMC Consulting. There was a dinner for ex NSW Labor Minister Andrew Refshauge c/o Michael Esson and the EG Property Group (\$1250) and attendance at a Kogarah Fundraiser for \$4500. There was a dinner for ex Labor Minister Frank Sartor at which Leightons paid \$11,000. Other NSW Labor ALP names mentioned that year included Milton Orkopoulos for Swansea, Craig Knowles, Carl Scully and Paul McLeay.

Leightons were also busy on attending events organised by the Liberal and National Parties. \$6000 was paid to attend the Liberal Party's National Convention, \$2000 for a dinner for National Party's Mark Vaile, \$1500 for the "state business observers" program and \$1250 for a PM John Howard lunch organised by a fundraising arm of the Liberal party, the Millennium Forum, There was a dinner for then Opposition Leader John Brogden and a dinner with the Victorian Branch of the Liberal party (\$11,000). There was a private briefing with the NSW Shadow cabinet and a private lunch with Bruce Baird (Mike Baird's father).

In 2005/06, Leightons executives attended a private dinner with the then Liberal Minister for Foreign Affairs Alexander Downer (\$500), a fundraising lunch with Labor's Kim Beazley (\$1485), lunch and dinner with then Liberal shadow Minister Chris Hartcher, who retired in 2014 after NSW Independent Commission Against Corruption investigated his involvement with Liberal party donations (\$1400) , a dinner with then ALP MP's Paul McLeay and Michael Costa, dinner with the National Party MP and later leader Warren Truss (\$1200), a boardroom dinner with Victorian ALP ex-Premier Steve Bracks (\$1000), dinner with the SA Minister for Infrastructure ( \$500). There were also dinners and lunches with NSW Labor Minister Frank Sartor, a private dinner with Wayne Swan and Peter Garrett, lunch with former LNP Defence Minister Kevin Andrews, a dinner with Queensland Labor ex-Premier Peter Beattie and a NSW Labor cabinet dinner for which \$5000 was paid.

In 2006/2007, Leightons donations return records that the Shadow Treasurer Chris Bowen's Prospect Campaign received two donations totally \$2700 and Labor's now Deputy Leader Tanya Plibersek Election Fund received \$1800, while the Liberal candidate Edward Mandla received \$2000, the NSW Roads Minister Carl Scully Campaign account received \$1000. In that year, Tony Abbott's Warringah campaign received \$1000.

In 2007/2008, Leightons donations return records that then Labor Minister Martin Ferguson's campaign account received \$3000 in September 2007 and the current Shadow Labor Minister for Communications Jason Clare's campaign received two donations of \$2000 in July and August 2008.

There is little detailed disclosure in Leighton Contractors returns after this point.

#### **OTHER FORMS OF INFLUENCE**

This report does not include an analysis of pecuniary interest registers or donations from lobbying firms. These may contain additional information about gifts and is another way in which political influence can be exercised. Last year, Fairfax reported that an internal audit had revealed that Leightons' subsidiary Thiess had given then Premier Barry O'Farrell a pen worth more than \$1,000. He could not remember the gift.

This report also does not include payments from companies to parties which are classified as 'other receipt'. This money will still influence decision-making because much of it is suspected to be dividends from shares owned by associated entity fundraising vehicles. **The biggest example is the Cormack Foundation raking in \$622,600 from Transurban since 2008-09.**