

Millions paid in bonuses despite empty trains, trams

EXCLUSIVE

Timna Jacks

Transport reporter

The two companies operating Melbourne's train and tram services pocketed \$16 million in taxpayer-funded bonuses for exceeding their performance targets during the pandemic - despite there being almost no passengers.

Between April and December last year, when commuters had largely deserted the train and tram networks, Metro Trains and Yarra Trams received the money on top of the payments the two overseas-owned firms receive to operate the network.

The bonuses also came on top of special COVID relief payments the operators were granted by the Andrews government.

Metro pocketed \$12 million in bonuses - more than 80 per cent of all the incentives it earned since the start of 2019, an internal Transport Department breakdown reveals.

The state government paid the operator, based in Hong Kong, \$4 million a quarter in bonuses during the pandemic. It is double the \$2 million it earned in bonuses for good performance over a 16-month period starting in January 2019.

Yarra Trams received more

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than \$4 million during the period when COVID-19 was causing many commuters to abandon the network. This compared with \$821,000 in bonus payments it had earned since the start of 2019.

A 91 per cent drop in patronage and 70 per cent slide in road traffic during the extended lockdown last year meant trains and trams ran more smoothly than they had in recent decades.

For the first time since signing lucrative contracts with the government in 2017, Metro and Yarra Trams consistently met or exceeded their monthly punctuality and reliability targets, while commuters faced protracted lockdowns in Melbourne.

Under the terms of their state government contracts, which did not go out to tender, this qualified the operators for bonus payments.

"When the contracts were written at the direction of [Premier] Daniel Andrews in 2017, he clearly never envisaged giving bonuses to firms when there was no one on the

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PAYMENTS TO METRO TRAINS IN 2020

Bonuses

Apr-Jun	\$3,960,000
July-Sep	\$4,067,000
Oct-Dec	\$4,023,000

Base contract

Apr-Jun	\$161,715,000
July-Sep	\$104,376,000
Oct-Dec	\$102,075,000

COVID-19 relief payments

Apr-Jun	\$16,200,000
July-Sep	\$24,300,000
Oct-Dec	\$24,300,000

PAYMENTS TO YARRA TRAMS IN 2020

Bonuses

Apr-Jun	\$1,584,000
July-Sep	\$1,627,000
Oct-Dec	\$1,085,000

Base contract

Apr-Jun	\$58,795,000
July-Sep	\$52,712,000
Oct-Dec	\$56,304,000

COVID-19 relief payments

Apr-Jun	\$10,286,000
July-Sep	\$15,428,000
Oct-Dec	\$10,286,000

Source: Transport Department

Train, tram operators

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trains," opposition public transport spokesman David Davis said.

A government spokeswoman said transport operators had worked around the clock to deliver essential services during the pandemic.

And along with bonuses, the operators were charged penalties for failures in passenger experience. Metro paid \$414,000 in penalties and Yarra Trams paid \$270,000 because of failures to meet standards set out in their contracts.

The spokeswoman said the government had provided Metro Trains and Yarra Trams with support packages last June "to ensure they could remain viable and deliver journeys for essential workers while

Victorians stayed at home to slow the spread of coronavirus". She said the COVID-19 relief payments took into account bonuses that were due to be paid to the operators.

Melbourne University urban planning professor Crystal Legacy said the bonuses highlighted the risks of privatising public infrastructure: the deals "don't always reflect what is in the best interests of users and the state generally. The incentives put in place are perverse, because doing their job well under the agreement is to do so under conditions where people are actually taking public transport."

The Age can confirm Metro was paid \$65 million in relief money between April and December last year, while Yarra Trams was paid

Contractors accused

Timna Jacks
Transport reporter

Subcontractors working for a cleaning company that stands accused of bribing senior transport bureaucrats may have been "shell companies" that were headed by "dummy directors", an anti-corruption inquiry has heard.

The architect of the alleged bribery scheme was questioned by the Independent Broad-based Anti-corruption Commission yesterday. IBAC had already heard evidence cleaning company Transclean paid off the former chief executive of V/Line and a Metro Trains manager.

Transclean manager Marie Tsakopoulos - who oversaw a contract with V/Line that was worth as much as \$40 million - was asked about a complex web of subcontracting arrangements within the cleaning arms of V/Line and Metro Trains.

The inquiry heard one of Transclean's subcontractors was in fact an employee who was caught in a tapped phone call plotting a money-laundering scheme with Ms Tsakopoulos in January 2020. Another subcontractor was a Transclean associate whose name was used to register a "burner" phone that Ms Tsakopoulos bought for a V/Line boss James Pinder.

A third Transclean subcontract-



Photo: Luis Ascui

score \$16m bonus in pandemic

\$36 million, according to Transport Department figures.

The COVID-19 relief package agreements – drawn up by law firm Allens and kept secret when the deals were struck in the middle of

‘The incentives put in place are perverse.’

Crystal Legacy, Melbourne University urban planning professor

last year, but partially released under freedom of information laws – reveal Metro signed up to strict conditions in return for government relief money. No employee at the

operator was allowed to have their working hours altered and Metro was required to keep the deal confidential unless otherwise directed by the government.

Both operators are required to repay a portion of the support package to the government over the remaining years of the franchise term, with repayments to be funded by future net profits.

A Metro spokesman said the operator’s revenue had dropped as a large number of passengers stayed home. The fall had been far greater than the total of all performance bonuses earned in 2020.

A Yarra Trams spokeswoman said the operator received COVID-19 relief payments after significant loss in ticket revenue. Public Trans-

port Users Association spokesman Tony Morton said it was reasonable to compensate operators for retaining workers’ jobs and running a full service during the pandemic.

But paying bonuses for performance only made possible by lockdown conditions amounted to “windfall benefits” and was “a bit rich”.

Rail, Tram and Bus Union Victorian secretary Luba Grigorovitch said the bonuses were particularly insulting when there were vacancies at key railway stations across the city that Metro was not filling.

Melbourne’s train and tram operators have operated under a scheme linking incentive and penalty payments to performance since the network was privatised in 1999.

of being ‘shell companies’

or was headed by Ms Tsakopoulos’ former brother-in-law.

“These are examples, I suggest to you, of dummy directors in shell companies,” counsel assisting Paul Lawrie said.

“No, they’re not,” Ms Tsakopoulos said. “They’re there to make money.”

Commissioner Robert Redlich, QC, asked why there was “movement of money” to all the various companies that were ostensibly cleaning subcontractors. “What is the explanation for why money was going to Transclean to all of these subcontracting companies rather than Transclean employing the staff and paying the staff directly?”

Ms Tsakopoulos said: “They would be friends of friends who want to work and there would be a lot of them who say ‘I didn’t want to be on the books, I want to be paid through an ABN.’”

Earlier, it was alleged in December 2016, Ms Tsakopoulos withdrew \$35,000 from two accounts, before a \$10,500 deposit was made into Mr Pinder’s account. A couple of days later, Ms Tsakopoulos delivered a burner phone to Mr Pinder, which he used to communicate with her and Transclean boss George Haritos. Ms Tsakopoulos denied the cash she withdrew was for Mr Pinder and said she guessed it was money she was accessing to buy a burner phone.

She denied she bought a burner phone for Mr Pinder to evade authorities but admitted she started communicating with him over messaging app WhatsApp to avoid being tapped. She said she was taking “other avenues for you guys not to listen to our personal conversations”.

Mr Lawrie accused Ms Tsakopoulos of playing a key role in Transclean’s alleged bribery system.

“You’re a facilitator for George Haritos. When he needs things to happen or payments to be made or phones delivered, you’re the person who facilitates it.”

“That’s incorrect,” Ms Tsakopoulos said. “I’m my own person and he’s his own person.”