

Media Release

Tim Pallas MP
Treasurer



Wednesday, 15 April, 2015

O'BRIEN'S SIDE DEAL A \$1.2 BILLION POISON PILL FOR VICTORIA

In a desperate act of economic sabotage, former Liberal Treasurer Michael O'Brien tried to blackmail Victorians into paying for a tunnel that they didn't vote for. This has come at a significant cost – to his own credibility, and our whole state.

The previous Liberal Government incurred a \$339 million bill for the East West Link's initial costs. These funds have already been spent, cannot be retrieved, and Michael O'Brien is responsible.

Today, as promised, Treasurer Tim Pallas also released the contract between the East West Connect consortium and the State of Victoria, which was signed by the previous Liberal Government on September 29, 2014.

Michael O'Brien rammed through financial close four days later, despite the banks being prepared to wait until December 5 – after the State Election.

The Treasurer confirmed that termination clauses inserted into the contract by the Liberals exposed the State to a payout to the consortium of up to \$1.2 billion if Labor won the State Election, even if the courts found the East West Link contract invalid.

Michael O'Brien also signed a secret side letter to ensure these clauses would be enforced, regardless of the outcome of an election or the verdict of a courtroom.

The Department of Treasury and Finance has confirmed that the East West Link project would have cost \$10.7 billion – not \$6.8 billion as publicly indicated by the previous Liberal Government.

The East West Link was a financial disaster in the making. The Liberals' own business case says it would have lost 55 cents in every dollar, increased congestion on nearby roads and forced tolls on every freeway in Melbourne.

Quotes attributable to Treasurer of Victoria, Tim Pallas

"Michael O'Brien is the \$339 million dollar man. He sold out our state. East West is his mess and Victorians had to pick up the bill."

"Michael O'Brien wanted to punish Victorians if they ever dared to vote the Liberals out of office. His political vengeance had a price tag: \$1.2 billion."

"By racking up a \$339 million bill in his final, desperate weeks in office – and exposing Victoria to \$1.2 billion in so-called compensation – Michael O'Brien is totally unfit to ever run the State's finances again."