

ASF's Chinese backers under a cloud

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DEVELOPMENT

TWO Chinese companies backing the ASF Consortium's proposal for the \$5 billion Broadwater Marine Project on the Gold Coast, which depends on a casino being approved, have been investigated by the World Bank for suspected involvement in corruption and fraudulent practices.

The consortium, led by the small Australian Securities Exchange-listed ASF Group, has emphasised that a separate US group will run the casino if the state government awards the project a casino licence.

The ASF Consortium is backed by two state-owned Chinese entities — China State Construction Engineering Corp and CCCC Guangzhou Dredging; the latter counts China Communications Construction Company as its parent.

The World Bank in 2011 announced it had debarred CCCC "and all of its subsidiaries" from participating in World Bank projects over bid rigging and other corrupt practices of an entity it acquired in 2006.

The sanction came after an in-

vestigation by the World Bank into corruption at a 2000-07 road project in The Philippines.

The corruption investigation centred on the actions of the China Road and Bridge Corporation. Under the sanction, CCCC and all its subsidiaries are ineligible to engage in any World Bank-financed road and bridge projects until January 12, 2017.

CCCC and Chinese government officials have long protested the World Bank debarment.

Separately, in 2007 the World Bank refused to grant a \$232 million loan to another member of the ASF Consortium, China State Construction Engineering, over concerns it had engaged in corrupt practices on a different road project in The Philippines.

The World Bank investigators suspect the company had also attempted to rig bids and had worked in a cartel with firms on other contracts.

However, it never formally debarred China State Construction Engineering from applying for World Bank contracts.

China State Construction Engineering is the third largest construction company in the world and, like CCCC, has won several government contracts internationally since the World

Bank's investigation into road projects in The Philippines. It has also made substantial inroads into the US market.

The World Bank's statement regarding the debarment noted the progress China had made in 2010 and 2011 in stamping out corruption.

Representatives for ASF emphasised the fact that the World Bank sanction was issued ahead of China making considerable changes to its legislative and legal framework to eradicate corruption.

The City of Gold Coast Mayor Tom Tate is currently travelling in the US on a self-funded trade mission and was unavailable for comment.

Responding to questions from *The Weekend Australian*, a spokesman for the Gold Coast City Council said: "The Council of the City of Gold Coast has not proposed to enter into a partnership with ASF Consortium."

The council also referred this newspaper to a report from the council's meeting on April 4 which stated the council and the state government had reservations about ASF's proposal on the grounds that it had yet to "tick all the boxes for the taxpayers of Queensland".



The ASF Consortium's Broadwater Marine Project is backed by firms that were investigated by the World Bank