



The Director
Public Accountability Committee
Legislative Council
Parliament House
Macquarie Street
SYDNEY NSW 2000

Contact: Barry Underwood
Phone No: 0403 073 664
Ref: D1828647

19 November 2018

Dear Director

Further to my letter of 7 November 2018, where I provided a response to supplementary questions relating to the *Inquiry into the Impact of the WestConnex Project*, please find below a response to the Questions on Notice that were asked during the hearing on 11 October 2018.

Question 1

- Has the Audit Office received any formal communication from the Government about the standing of the Sydney Gateway project as part of or not part of the WestConnex project?
- Has the Government come to you and said this is a matter you are looking at, there was work done in 2014, work done last year, the Legislative Assembly public accounts reports, any formal communication?

Response

The Audit Office has not received any formal communication from the Government about the standing of the Sydney Gateway project as part of or not part of the WestConnex project.

Question 2

When were you first told that Gateway was not part of WestConnex?

Response

The Audit Office has not received any formal communication from the Government about the standing of the Sydney Gateway project as part of or not part of the WestConnex project.

I note that in August and September 2017, there were media reports indicating the Sydney Gateway was a separate project that did not come under the WestConnex program and was not included in the WestConnex tolling regime.

However, the 2018-19 NSW Budget Papers, presented to Parliament in June 2018, includes an allocation of \$800 million to Sydney Gateway within the \$16.8 billion estimated total cost for the WestConnex project (pages A-5 and A-7 of 2018-19 Infrastructure Statement).

The 2017-18 NSW Budget Papers presented in June 2017 stated that the cost of the Sydney Gateway is included within the \$16.8 billion estimated total cost for the WestConnex project. The estimated total cost of the Sydney Gateway was \$800 million (page 4-11 of the 2017-18 Infrastructure Statement).

Question 3

- Do you have power to audit the Roads Retained Interest Pty Limited?
- Are you the actual auditor appointed under the Corporations Act or the Public Finance and Audit Act?
- Have you simultaneously been appointed under the Corporations Act as their auditor?
- You were with the Sydney Motorway Corporation. At their annual general meeting every year they selected you as their auditor?

Response

I am the auditor of the Roads Retained Interest Pty Limited for the purposes of the *Public Finance and Audit Act 1983*, and the *Corporations Act 2001*.

I was the auditor of the Sydney Motorway Corporation up until 27 Sept 2018 – the date the sale was completed. I was appointed the auditor under the *Public Finance and Audit Act 1983* and the *Corporations Act 2001* – SMC did not select me as the auditor. I have been requested by NSW Treasury under section 27B (3)(c) of the *Public Finance and Audit Act 1983* to audit the Sydney Motorway Corporation's 'sale completion financial statement'.

Question 4

In terms of a performance audit you will do, the one you referred to, by definition if a statement like that has been made today where you have such a specific date provided, that in terms of an audit of WestConnex that you are about to do or do in due course, that will clearly exclude the Gateway airport project? This is what is being put by Infrastructure NSW, which is a different position from where we were when the project started. This will be excised from your consideration, will it not?

Response

When scoping my proposed performance audit of WestConnex I will consider whether to include the Sydney Gateway project within the audit.

Question 5

- When all of these private sector experts got together to develop this concept, which was WestConnex—and as we have heard there were no other options or alternatives to consider in terms of other transport solutions for the problem that was identified—was there a role for somebody to ensure that they did not have any conflict of interest, such as shares, for example, or roles in the construction companies that are going to benefit from their recommendations?
- Do you know whether that happened in this situation (whether interests were appropriately declared and managed)?

Response

My 2014 performance audit on WestConnex did not examine the issue of potential conflicts of interest of individuals.

I trust this information is of assistance to the Committee.

Yours sincerely

Margaret Crawford
Auditor-General of New South Wales