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Senator Dean Smith  
Chair  
Joint Committee of Public Accounts and Audit  
By email: jcpaa@aph.gov.au

Dear Senator Smith

### JCPAA Report 462 Recommendations

I am writing in relation to the recommendation raised in the Joint Committee of Public Accounts and Audit's (JCPAA's) *Report 462 Commonwealth Infrastructure Spending* which is directed to the Australian National Audit Office (ANAO).

**Recommendation 5:** The Committee recommends that the Auditor-General consider conducting a performance audit into whether the advice supporting the concessional loan provided for the Sunshine Coast Airport expansion project appropriately reflected learnings from the deficiencies in advice identified in Audit Report No. 38 (2016–17) *The Approval and Administration of Commonwealth Funding for the WestConnex project*.

**ANAO response:** The Sunshine Coast Airport expansion and WestConnex projects differ in a number of areas, including but not limited to:

- financing strategies—the Sunshine Coast Airport expansion is funded by QLD and Commonwealth Government debt, whereas WestConnex was funded by NSW Government equity, private sector senior debt and Commonwealth subordinated/concessional debt;
- financial risk profiles—the Sunshine Coast Airport expansion has a loan valued at \$181m, compared to WestConnex's \$2 billion loan;
- developer—the Sunshine Coast Airport expansion was developed by a Local Government Authority, whereas WestConnex was developed by a State Government department with considerable expertise in the delivery of large infrastructure projects. The Commonwealth Department of Infrastructure and Regional Development (DIRD) was also represented on an intergovernmental project steering committee for WestConnex, allowing more real-time exposure to the project; and

- payment method of the Commonwealth—for the Sunshine Coast Airport expansion project, DIRD will make payments to a Local Government Authority, whereas for WestConnex the DIRD payments were made via a Special Purpose Vehicle, the Sydney Motorway Corporation.

Given these differences, and the specificity of advice provided to Government on infrastructure investment projects, it is not clear that the areas for improvement identified in Audit Report No. 38 (2016–17) *The Approval and Administration of Commonwealth Funding for the WestConnex project* will be applicable to the Sunshine Coast Airport expansion project. However, I will consider including a performance audit of the Sunshine Coast Airport Expansion project in the 2018–19 Annual Audit Work Program, once the contract for the project has been established.

Yours sincerely



Grant Hehir  
Auditor-General

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