



Auditor-General for Australia



18 May 2016

Senator Lee Rhiannon
Senator for New South Wales
Email: senator.rhiannon@aph.gov.au

Dear Senator Rhiannon

ANAO performance audit of the approval and administration of Commonwealth funding for the WestConnex Project

On 10 August 2015, you wrote to the Auditor-General requesting that the Australian National Audit Office (ANAO) conduct an audit of the WestConnex Project. As foreshadowed in correspondence of 8 September 2015, a decision on whether to conduct an audit of the WestConnex Project was to be made later in the financial year.

The Auditor-General has decided to conduct a performance audit under sub-section 18(1) of the *Auditor General Act 1997*.

The objective of the audit is to assess whether appropriate steps were taken to protect the Commonwealth's interests and obtain value for money in respect to the \$3.5 billion in Commonwealth funding committed to the NSW Government for the WestConnex project. The audit criteria are depicted in the attached diagram (Attachment A).

The scope of the audit includes the Department of Infrastructure and Regional Development and Infrastructure Australia. The report is expected to be tabled in the Autumn 2017 session of the Parliament.

If you have any questions regarding the audit, our contact for the audit is Ms Michelle Kelly, Group Executive Director, on 6203 7677 or Michelle.Kelly@anao.gov.au. Alternatively, your staff may wish to contact the Executive Director responsible for the audit, Brian Boyd on 6203 7672 or Brian.Boyd@anao.gov.au. Should you wish receive further updates on this audit, please visit <https://www.anao.gov.au/work/performance-audit/approval-and-administration-commonwealth-funding-westconnex-project> to register.

Yours sincerely

Rona Mellor PSM
Acting Auditor-General

Attachment A—Audit objective and criteria

Objective	To assess whether appropriate steps were taken to protect the Commonwealth's interests and obtain value for money in respect to the \$3.5 billion in Commonwealth funding committed to the NSW Government for the WestConnex project.	
Criteria	1. Was the Commonwealth's decision to make a financial commitment to the project informed by appropriate advice and made through the processes that have been established to assess the merits of nationally significant infrastructure investments?	2. Were the decisions to approve the commitment of \$1.5 billion in direct Commonwealth funding, and make respective milestone payments to date, informed by appropriate advice?
	3. Was the decision to enter into a \$2 billion concessional loan arrangement with the NSW Government informed by appropriate advice?	4. Do the terms of the concessional loan arrangements represent value for money and protect the Commonwealth's interests?