



Senator the Hon Mathias Cormann
Minister for Finance

The Hon Paul Fletcher MP
Minister for Urban Infrastructure

Mr Paul O'Sullivan
Chairman
WSA Co Limited
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Dear Mr O'Sullivan

STATEMENT OF EXPECTATIONS FOR WSA CO LIMITED

We are writing in our capacity as Shareholder Ministers of WSA Co Limited (WSA Co) to set out the Australian Government's expectations of WSA Co for construction of the Western Sydney Airport. This statement will be updated as required by the Government to reflect future policy decisions.

Policy Objectives

You will appreciate that the need for additional airport capacity in the Sydney Basin through the construction of the Western Sydney Airport is vital to the state and national economies. The Government has established WSA Co with a clear objective: to deliver an operational airport to permit services to commence not later than the end of 2026. This project is a unique opportunity to build national economic infrastructure with real and lasting benefits for Australia.

The new airport in Western Sydney will be a catalyst for jobs and economic growth in the region, creating around 28,000 direct and indirect jobs in the region by the early 2030s. Our strong expectation is that WSA Co, through the major construction contracts it will enter into, will create the maximum opportunities for local employment. It will be crucial that WSA Co works collaboratively with New South Wales agencies, local government and the wider community to realise the wider social and economic benefits for which the airport will be a catalyst. This should also include the Greater Sydney Commission and any future Government land development company established to activate the broader region surrounding the airport.

In demonstrating the Government's commitment to Western Sydney, we expect that the company will establish its offices in Liverpool and the majority of staff, including senior staff, will work from those offices or nearby in Western Sydney.

We are also of the view that the design of the Western Sydney Airport should be such that Western Sydney residents will be justifiably proud of this facility and consider that it reflects the confidence and aspirations of Western Sydney. The design should support the policy objectives that this airport provides greater equality in accessing air services for business and leisure, and that this airport stimulates economic growth in Western Sydney.

To ensure construction of the new airport commences without delay, the Government has committed up to \$5.3 billion in equity through WSA Co to build the Western Sydney Airport.

Role and Responsibilities of WSA Co

WSA Co is a wholly-owned Commonwealth Company, and as such, it is expected that it will operate in a commercial manner, at arm's length from the Government. The Board of WSA Co has ultimate responsibility for the performance of the company. WSA Co is accountable to the Government as sole shareholder for its performance in relation to the delivery of the Western Sydney Airport.

WSA Co has flexibility and discretion in its operational and commercial decisions, within the parameters of the *Corporations Act 2001*, the *Public Governance, Performance and Accountability Act 2013*, associated subordinate legislation, the *Commonwealth Government Business Enterprise Governance and Oversight Guidelines* (GBE Guidelines) and the Government's policy objectives.

In addition, the Government and WSA Co will enter into a Project Deed. The Project Deed will set out the obligations of WSA Co to develop and operate the Western Sydney Airport. These obligations cannot be materially more advantageous than the terms proposed in the Government's Notice of Intention, which was declined by Southern Cross Airports Corporation (SCAC).

Equity Subscription

Taxpayers are making a substantial investment in WSA Co. The Equity Subscription Agreement sets out the terms on which the Commonwealth will subscribe for equity in WSA Co and the terms under which equity will be provided to WSA Co.

Given the obligations contained within the Project Deed, it is important that the Equity Subscription Agreement and the Project Deed are executed in quick succession. We expect that the Company will be diligent in its operations to minimise the Government's equity investment.

Procurement

Recognising the scale and national significance of Western Sydney Airport, and the substantial investment by the Commonwealth, WSA Co is to undertake the procurement of goods and services to a high standard, to achieve value for money, and ensure appropriate financial and probity controls are in place. WSA Co should maintain a high level of transparency, to give confidence to stakeholders in the integrity of WSA Co's procurement processes.

Reporting to the Government

The Government expects that WSA Co will prepare its first draft Corporate Plan and submit it for consideration not later than the second quarter of calendar year 2018. In preparing this Corporate Plan we expect WSA Co to work closely with Shareholder Departments, the Department of Finance and the Department of Infrastructure and Regional Development.

WSA Co will be required to submit quarterly progress reports to Shareholder Departments that provide an update on activities undertaken for the previous quarter, including financial performance, and will serve to provide Shareholder Ministers with an early warning of any potential risks or issues arising from the project. Once WSA Co has developed its Corporate Plan, the quarterly reports will report against the key performance indicators outlined in the Corporate Plan. The Shareholder Departments are able to assist you with developing a template to ensure the appropriate information is covered in the quarterly reports.

Project Delivery Objectives

In addition to the regulatory framework outlined above, WSA Co should ensure that the Western Sydney Airport is delivered in a way which:

- is an efficient, effective, transparent and ethical use of public resources;
- captures opportunities to innovate in the operation and design of the airport to the extent commercially and operationally feasible (including in relation to energy performance, to the use of information technology, and to environmental attributes);
- achieves value for money for the Commonwealth;
- demonstrates effective engagement with the Western Sydney community, including through the Forum on Western Sydney Airport (FOWSA);
- promotes public confidence in the probity and integrity of WSA Co's procurement and other processes;
- preserves the Government's options for future ownership and governance arrangements for WSA Co; and
- integrates with and leverages new and existing Government initiatives in the Western Sydney area, including those that might be delivered through the proposed Western Sydney Cities Deal.

The Government expects that WSA Co's Board and management will work cooperatively and collaboratively with Shareholder Departments to achieve the Government's objectives.

Finally, we would like to thank you and your fellow Directors for agreeing to serve on the Board of WSA Co. We wish you every success in delivering this exciting new project.

Kind regards

Mathias Cormann
Minister for Finance

Paul Fletcher
Minister for Urban Infrastructure