

Western Sydney Airport Industry Information Session 5 December 2017

This document summarises a questions and answers session following a presentation on Western Sydney Airport at Penrith Panthers Club, 5 December 2017.

Presenters:

- Graham Millett, Executive General Manager Airport Infrastructure
- Jackie Aggett, General Manager Procurement

ERRORS AND OMISSIONS EXCEPTED

Questions and answers by theme

WSA Co and project progress

QUESTION: Could you give an update on the timing of your recruitment for a CEO and where that is up to?

GRAHAM MILLETT: There is an international search underway for the CEO, I am told that they are hopeful of making an announcement shortly.

QUESTION: You have set up an office in Liverpool. How integrated will that office be? Will you have all your consultants there?

GRAHAM MILLETT: I am a great believer in having face-to-face contact and on a project this complex and a project of this scale it is essential to have consultants with us. The office that we have at the moment can accommodate a maximum of 45 people; and since the intention is to have a co-located team of consultants and of our company. we are in the throes of exploring additional space. We are hopeful that we will be able to achieve that, probably by the middle of next year (2018). Again we are a relatively small team as a company, but we have a number of consultants working for us and the intention is that we will have a co-located team.

QUESTION: What systems do you have in place to manage payments coming through from head contractors and sub-contractors? I would imagine that once they start flowing it would be hard to manage the volume whilst meeting requirements like security of payment. Have you given that some thought?

GRAHAM MILLETT: We have some basic systems in place at the moment, and I stress they are basic systems but they work. We are looking at the sorts of systems that we need to put in place and the IT issues that we have to face, including integration and software. We are looking at what we need and we will tender for that, and if we need an ERP like Oracle or SAP that will be tendered as well. They will be tendered separately from the works.

FOLLOW-UP QUESTION: Do you know when they will be tendered?

GRAHAM MILLETT: In the next six months.

QUESTION: You did not talk about your operational model and maybe you have not got very far on that yet but in principle is it intended that WSA Co would operate this airport? Or will there be a private sector or a subsequent procurement? How will you make sure operational skills are involved in the design process?

GRAHAM MILLETT: You might have seen on one of the slides that there was ORAT shown, which stands for Operational Readiness and Airport Transfer. The intention at the moment is that WSA Co will operate the airport for a period of time once it is built, that will be up to the Government of the day to determine however, at the moment WSA Co would operate it. It probably will not be the people who you see here at the moment, who are responsible for construction, it will probably be a different set of people because it is a different skill set obviously. You heard the phrase that was expressed earlier 'we plan for the end', and that is what we are doing. We are planning for ORAT right now. The ORAT skills will be a combination of in-house and consultancy and we want an airport that, when it is built, works. A lot of airports have failed during the ORAT phase. We do not intend to make the same mistake and are going to start planning as soon as we possibly can, probably June 2018 to bring in the expertise we need at both an in-house and consultant level to get that right.

QUESTION: In the interests of collaboration, will you be releasing the attendance list from today's briefing?

GRAHAM MILLETT: For privacy reasons I have been told that we will not be releasing a list.

QUESTION: You said that we could not get a distribution list of the attendees; can we get a distribution list of the companies that have attended?

GRAHAM MILLETT – UPDATED ANSWER: Following the information session attendees were contacted and asked to advise WSA Co if they would like their company's name to be included on an attendee list. A list is now available on the WSA Co website at www.wsaco.com.au which lists the companies that indicated they would like to be included.

QUESTION: What discussions have been made on getting fuel infrastructure to the airport?

GRAHAM MILLETT: The current arrangement for fuel, is for fuel to be trucked from the refinery to the airport. I think I can say that management has the view, and possibly the Board have the same view, that this is unsatisfactory. So we are going to be talking with industry about how we can solve that problem. Our belief is that from day one ideally you have dual fuel lines, which feed the airport from the refinery, but it is a point that needs quite a bit of negotiation with the private sector which will be the provider of the fuel line. We have a fuel farm on site to service the needs of about three to four days' worth of aircraft movements on our estimates. Trucking from the refinery for us is sub-optimal and we will be looking to change that situation as near to opening as we possibly can.

Procurement, contracting approach and timing

QUESTION: How confident are you in the timelines, it's pretty aggressive?

GRAHAM MILLETT: Yes, it is very aggressive. I have confidence in the timeline because although it is very early days, we've hit all the milestones either on time or before the deadline that the Government has set for us. You're absolutely right, nine years is not a long time to convert what is effectively undulating farmland into a fully operating airport. Am I confident? Yes. Is it early days? Yes, it is.

QUESTION: You mentioned a desire to have collaborative relationships with your suppliers. What initiatives will you incorporate into your contractual arrangements to facilitate that? In particular, in terms of the payment regimes that you are proposing for the various contracts - are you anticipating fixed prices for most of them?

GRAHAM MILLETT: Our objective, I think, is to get as much certainty around the project as we possibly can, so fixed prices I think will be our objective as much as is practical - some things may not lend themselves to fixed pricing. Certainly, our sponsor the Government would like as much certainty as possible. In regard to collaborative arrangements, we are looking at how to involve Tenderers early in the design phase at the Major Works package end of things. We also intend to hold quite a few workshops along the way with suppliers as it relates to the particular activity that we are involved with at the time. We think that we can add value to suppliers, and that suppliers can add value to us. Again, collaboration is an important part of our remit, the Government has made that very clear to us, our Board has made that very clear to us, so we take it seriously and we think it will be a win-win. We will be looking to industry to ask are we collaborating enough on our part and we will certainly be giving feedback to industry to say you either are or you are not collaborating enough on your part.

QUESTION: Could you clarify if the bulk earthworks runway package is a Design & Construct (D&C) and that it includes the runway pavement design as well?

GRAHAM MILLETT: It is primarily a D&C. We are doing some of the design ourselves, so it will not be entirely 100% design but it is essentially D&C for the full scope of the works.

QUESTION: On the design for Package 1, my reading is there is an Expression Of Interest going out imminently that will be shortlisted for a D&C tender. How many people could be on that shortlist? Also in reference to a D&C project is there going to be any monetary fall-back to the design team and the contractors in relation to that work? How long are you going to give us for a D&C Tender?

JACKIE AGGETT: At this stage we are looking at a 22-week period. We will be shortlisting from the EOI process to move through to RFT. At this stage, until we receive the responses for the EOI, we are not in a position to tell you how many we will bring through partly because we are mindful of the cost and effort it takes the market to tender. At this stage we are not considering reimbursing cost for that package but certainly it is something we will discuss and review during the EOI phase.

QUESTION: You mentioned the project management delivery will essentially be Engineering, Procurement and Construction Management services. Do we take it from that that will pick up and run with the transaction management of the major works packages sometime next year once that is awarded?

JACKIE AGGETT: Yes, that's correct.

QUESTION: You talked about the right party holding the risk and you showed a diagram on transfer of responsibilities. What thoughts have you got about the procurement process? About how risk is transferred between parties and how the interfaces around that are managed through what is going to be a very complicated set of works?

GRAHAM MILLETT: I think the answer for us looking at that risk is about having a project management delivery partner sitting over the top to manage those risks. We have looked at the interfaces, obviously that was a big consideration when we went from the original concept of one D&C package to the three packages for the Main Works and minimised that risk transfer, and we see that via the overlay of the delivery project manager that that risk will then lie with that party to ensure that those handovers and interfaces are managed.

QUESTION: What sort of workforce are you thinking will be at the airport? Considering there is not a great transport system there what will the logistics be of getting workers and contractors there. Most construction sites are bad but this is going to be quite incredible, how are you planning for that?

GRAHAM MILLETT: That is something we need to discuss with the winning contractors, we would expect them to provide that sort of transport. You are right, it is a difficult site in terms of its location. We will have to work out with the winning contractors, whomever they may be, how that is going to work. I am sorry I cannot answer your question in more detail at the moment, it is a little bit early but it is something that is critical.

Industry Access

QUESTION: Has there been any consideration for Stage 1 and the ongoing visual and media capture either by photos long-term, construction time lapse, drone? With the legacy of such a historical project has this been considered and will it be managed by WSA Co or by the nominated contractor?

GRAHAM MILLETT: I cannot tell you yet whether we will manage it or a contractor will manage it, that is a decision that we have not made. There will be time-lapse photography and drone photography involved. We have given thought to that, this project needs to be documented, there is no question that that will happen, for a whole range of reasons, historical archives being one, reporting and auditing being others. Who will let the tender, is not determined at this stage.

Scope

QUESTION: You mentioned the relocation of the 330 kV line running through the site, will that mean that part of the works will be permanent power on the site or will it be temporary power during constructions?

GRAHAM MILLETT: I think there will be a need for temporary power on the site at some stage but we have not got down to that level of detail yet.

QUESTION: In regards to the early earthworks, has it been decided where all the excess excavation is going to be taken? Is it going to remain on site or be taken offsite?

GRAHAM MILLETT: We have been doing work on this and what we are going to do is ensure that whatever spoil is of a low grade, very low grade nature or zero grade nature in terms of contamination will be stored on site. As I mentioned earlier the difference between the high and low point on this site is equivalent to a 12 story building, so there is extensive cut and fill to be done. Early calculations show that the cut and fill are about equal. Having said that we are undertaking contamination surveys that indicate there may be some contamination on site including asbestos. Spoil that is contaminated will be taken off site and disposed of in accordance with regulations. The low grade spoil, very low grade spoil or spoil that is not contaminated will be compacted and stored on site.

QUESTION: A question about the demarcation between Main Works Package 1 and Package 2; you've got your navigational aids and underground lighting under the pavements; is that going to be done by Airservices, or by the contractor? Does the civil works include the aprons and is the positive fuel system going in now or is that going in Package 2? Where is the demarcation?

GRAHAM MILLETT: The civil works in Package 1 involves all of the pavements, so that will be the runways, the aprons and the taxiways. Your question was around fuel and the Above Ground Lighting and navigation systems that have to go under the concrete. Airservices will tell us what their requirements are and then there will be an issue around who actually constructs it. That is a discussion yet to be held. Generally, the sorts of facilities that Airservices need away from the terminal building they would be responsible for, rather than us, but they may choose to allow us to construct it to their specification. High Intensity Approach lighting for example may be something that we would probably do but they will have the specifications for that.

QUESTION: Just a question about rail transport to the airport, is that part of your remit?

GRAHAM MILLETT: The rail line is the responsibility of the NSW State Government. We will be providing and negotiating all the necessary easements for the rail, so the capability will be available from day one of airport operations. The big question around rail for government is not just the amount of money involved but also the demand and funding. There are discussions going on at State and Federal level. It is not absolutely essential that rail be there on day one, however we would certainly like it there on day one as I think it would add to the attraction of the airport quite significantly. We are spending a lot of time making sure that the ground transport, be that by road or rail, is as efficient as it can be and we are planning for autonomous vehicles. We are working closely with TfNSW and RMS to ensure that whatever the mode of transport is it operates as efficiently as it possibly can.

QUESTION: Could you comment on the extent of reference design for Stage 1? How advanced is that and who is actually currently undertaking that work?

DAVID LONGMUIR: The reference design for Package 1 has been undertaken by GHD. It was originally done for the Environmental Impact Statement and Business Case and we have been working through that for the last three months, since WSA Co was set up. That will be taken and will feed into the package that is being prepared for the earthworks and the pavement of the first contract package. We are looking at each of the elements and how they interface and there have been a number of questions about the interface. Those interfaces with the various packages will be incorporated as well.

QUESTION: My question reverts to the commercial side, who is thinking about and are you planning on thinking about the commercial outcomes, because the way you build things significantly influences the ultimate commercial outcome. How does that consideration get taken up as you go through master planning, terminal design, airport planning, landside planning etc?

GRAHAM MILLETT: As I said the airport has to be both a successful airport and a successful business. The design has to be constructible - we are looking at constructibility as a key criterion. On the commercial side we will have a Business Development Manager, who is responsible for ensuring that the business side, the revenue side, of the airport is up to expectations. Commercially we are starting to look at the commercial aspects of the facility, not just the technical aspects of the facility. You are absolutely right in that the two have to go hand in hand, they cannot be done in isolation. Hence, we are bringing forward what some airports would leave to later. We are looking at things such as freight, retail, traffic, data, information, and we are looking at how we monetise those things and also how we provide them to customers; immediate customers including the airlines and secondary customers such as passengers, and what we provide for free, and what we charge for. Again, this will be in consultation with the various stakeholders, which will also inform our commercial decisions.

QUESTION: My question is regarding access to the airport. From what I can gather access is being planned from the north of the site through the Elizabeth Drive and the M12. Is there any consideration to having access from an extended Fifteenth Avenue and Hoxton Park Road?

GRAHAM MILLETT: I do not think we have got any particular consideration of that in mind at the moment. All of the modelling that we have done to date shows that what we are planning should provide adequate access. So I think the answer to your question at this stage would be no.

QUESTION: A question in regard to the regulatory framework in place during construction. Obviously initially it is greenfield but at some stage it will cut across to testing for operational phase. Has consideration been given to when the regulatory framework will change package by package? In terms of things like workplace health and safety, it is a whole different set of rules that apply airside and landside and at some stage that will have to kick in. Just wondering if you have given consideration to this?

GRAHAM MILLETT: We expect that the airport lease will be formally granted to WSA Co in the coming months. We will be obligated to comply with whatever rules and regulations are applicable to airports at that time.

QUESTION: The site is pretty much a utility services desert at the moment, apart from the 330kV power line. How do you envisage utility services coming to the site and also being used on the site, such as storm water harvesting, sewerage treatment, recycled water and even energy generation on site?

GRAHAM MILLETT: There is quite a bit buried on the site utilities wise. This is something on the sustainability and environmental side that we are paying a lot of attention to. We want this airport to be a leader in its field, so we are looking at how we handle the utilities. We are currently exploring options around solar photo voltaic. An objective, and it may or may not be achievable, is to ideally have this as a carbon neutral airport by the time it opens at the end of 2026. We will have a sewerage treatment plant on site that will generate some grey water that we will reuse. There are general project initiatives that we will be putting in place to reduce waste per passenger. We are looking at some of the best practice airports in the world - San Francisco International is an example of a 6 star, environmentally friendly airport. We are learning from them and will be contacting them in due course to share some of the lessons that they've experienced along the way. Wherever we can we want to make this airport self-sustaining, we want to make sure that it meets wherever possible the highest standards of sustainability; it is one of the remits that I and the Board in particular are keen to pursue.

WSA Co policies, standards, and Commonwealth Government requirements

QUESTION: You have talked about using local labour and obviously it's in everyone's best interest to use local labour. Unfortunately, we know that a lot of projects occur and the local population doesn't benefit, it is the tier 1 companies that are often backed by overseas investors, so there's not really any interest with helping the local population. What have you implemented or plan to implement to give the local population a chance to get on the site and make a bit of money for themselves and for the community?

GRAHAM MILLETT: Part of our remit by the Government is to maximise local involvement at both the contractor level but also at the company level. We will be a relatively small but agile company and a lot of our work will be done through third parties. It will be done through contractors, consultants, agencies, such as the type of agency that you represent. We will be monitoring closely how much of the workforce, at all levels, contracting, consultant as well as company are locally sourced. As I said, it is part of our remit, we take it very seriously and we will be monitoring it very closely.

QUESTION: My question is about Indigenous participation can you tell me what the plan is? What the percentage is? How you plan to manage that?

GRAHAM MILLETT: I cannot tell you what the percentage is because our head of HR starts on 18th December and one of her tasks is to work through these various sorts of targets. Will there be targets? Yes, I just cannot tell you what they will be at this moment, but we will have an idea of that by February or March 2018.

QUESTION: I noted in your Level 1 Safe Work Methods Statement lane, you included assurance and compliance and also noted that you have moved to Liverpool, which is commendable. How

do you see the Federal regulators and other authorities that will be involved in the project managing their proximity to the works?

GRAHAM MILLETT: The unit in Canberra that is responsible for assurance and compliance, the Western Sydney Unit that I talked about before, we have a fairly intense interaction with those folks. They are going to be spending, I would imagine quite a bit of time on site, once the site is underway. Some of those will be embedded with us in Liverpool, some will visit on an as required basis, some will stay 2-3 days a week and then go back to Canberra and do what they need to do.

QUESTION: For the construction of the building, is there going to be some stipulation on local content, local material?

GRAHAM MILLETT: As I mentioned earlier as with the indigenous participation we are going to look at that. We have not formalised that yet. We do subscribe to the Australian Industry Participation Plan (AIPP) but in terms of local content, we have got to get a definition of what local means, it means different things to different people. We would like as much local involvement, Western Sydney involvement, in this project as we can possibly get.