
GOVERNMENT/ RESOURCE MANAGEMENT

APRIL 2008

FUNDING INFRASTRUCTURE

Submissions due on PPPs and Auckland governance



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Waterview: an opportunity to provide views on the suitability of PPPs in the New Zealand context

The Government has appointed the Waterview Connection Procurement Steering Group to investigate the option of a public private partnership (PPP) model for the Waterview Connection Project in Auckland.

Submissions to the Steering Group close on Friday 11 April.

The Waterview Connection Project, which will link the North Western Motorway to State Highway 16, is the largest roading project ever proposed in New Zealand. The favoured option would comprise a 3.2 kilometre, four-laned tunnel and cost an estimated \$1.89 billion to construct. Transit New Zealand hopes the works can be completed by 2015.

The Steering Group is a joint public private sector group, assisted by a working group. It will make its recommendations to the Ministers of Finance and Land Transport by 30 June 2008. The Government will then make a decision on whether (and how) the Waterview Connection will proceed.

The Steering Group is charged with investigating procurement options for the Waterview Connection, including a dual

evaluation of the best traditional procurement method, such as an alliance model, and the most appropriate PPP model. The two procurement forms will then be compared as to how they will deliver value for money for the private and public sectors.

POTENTIAL LIMITATIONS

The Steering Group's ability to undertake its investigations may be influenced by the following factors:

- The assessment of 'value for money' between conventional and PPP procurement methods will be a theoretical assessment as no bids have been taken on the Waterview Connection.
- The Steering Group may have difficulty determining a preferred PPP model without the physical aspects or, for practical purposes, any Resource Management Act requirements of the project being agreed.
- Issues relating to timing, deliverance quality, environmental effects, tolling and usage will have bearing on the value for money of a preferred PPP model. Providing quantitative details for such issues will be difficult without bids.



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- The Government requires that any PPP model should be capable of being implemented under current legislation. A PPP should also be compatible with current policies on climate change and public transport that advocate roading alternatives.
- Transit New Zealand will, at some point after this process, be required to carry out a parallel process for the designation of the tunnel. The timing and impact of Transit's application and the scope of the final designation could affect aspects of any preferred PPP model.
- Major projects naturally carry a degree of risk and the Waterview Connection is no exception. Issues relating to consenting under the Resource Management Act 1991, the influence of climate change targets, and the forthcoming general election may impact any selected PPP model and its development.

Despite these limitations, the submission process will provide an important forum for the discussion of the best approach to the financing, construction and operation of the Waterview Connection, and potentially other large infrastructure projects.

SUBMISSIONS

The Steering Group is calling for submissions from interested parties. A set of guideline questions has been provided by the Steering Group at the links set out below.

For more information, including a submission guide in MS word form supplied by the Treasury:
<http://www.treasury.govt.nz/publications/informationreleases/waterview/index.htm#consultation>

For Transit's proposed Waterview Connection tunnel option:

<http://www.transit.govt.nz/projects/waterviewconnection/>

For documents provided by the Treasury on the Waterview Connection PPP Procurement Investigation:

<http://www.treasury.govt.nz/publications/informationreleases/waterview>

For papers provided by the New Zealand Council for Infrastructure Development (NZCID) on what PPPs are, how international best practice has evolved and how New Zealand might take advantage:

<http://www.nzcid.org.nz/publicprivatepartnerships1.html>

Bell Gully would be happy to advise on submissions.

Royal Commission on Auckland Governance: putting the cart before the horse?

Submissions to the Royal Commission on Auckland Governance close on 22 April 2008.

Recent commentary suggests that some submitters, if not the Commission itself, may be overly influenced by fixed and predetermined views as to how local government ought to be structured.

Sound decisions on the structure of Auckland's local government can only follow from careful consideration of its unique role in this region and issues around accountability.

The Royal Commission should carry out a wide-ranging inquiry into the fundamentals of local government in Auckland. A failure to do so could result in a new structure which fails to address Auckland's specific requirements and creates more problems than it solves. Some of the questions which need to be explored are outlined below.

What is the role of local government in Auckland?

- Which roles are best performed by local government and what limits should be placed on the power of general competence provided to local government under the 2002 Act?
- To what extent should local government determine which projects are prioritised in Auckland and how best to ensure other key players also have a say in these decisions?

Which of local government's functions require accountability to ratepayers?

- Should all functions performed by local government require accountability

measures to be put in place? What about service delivery such as waste collection and recycling? Identifying the roles that require accountability will assist in determining which local government structure will work best in the long run.

The establishment of communities of interest

- Is it appropriate for local government to be organised along the lines of electoral boundaries?
- How will communities of interest be effectively represented in any new local government structure?

How will the local government structure work?

There are numerous governance structures internationally that illustrate different ways in which local government can be arranged.

- Should the majority of executive power rest with the Mayor, as it does in London's governmental structure?
- Should there be an amalgamation of councils into one super-council as has been suggested recently?

Bell Gully has extensive experience in dealing with local and territorial authorities and council-controlled organisations both from the perspective of developers and from within. Please contact us if you would like to discuss making a submission on these or other issues.

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