

Public Private Partnerships Risk and Governance



Innovation – Moving to an Outcomes Focus

Construction Clients' Group

Ishbel Morrison – PPP Director NZ Transport Agency

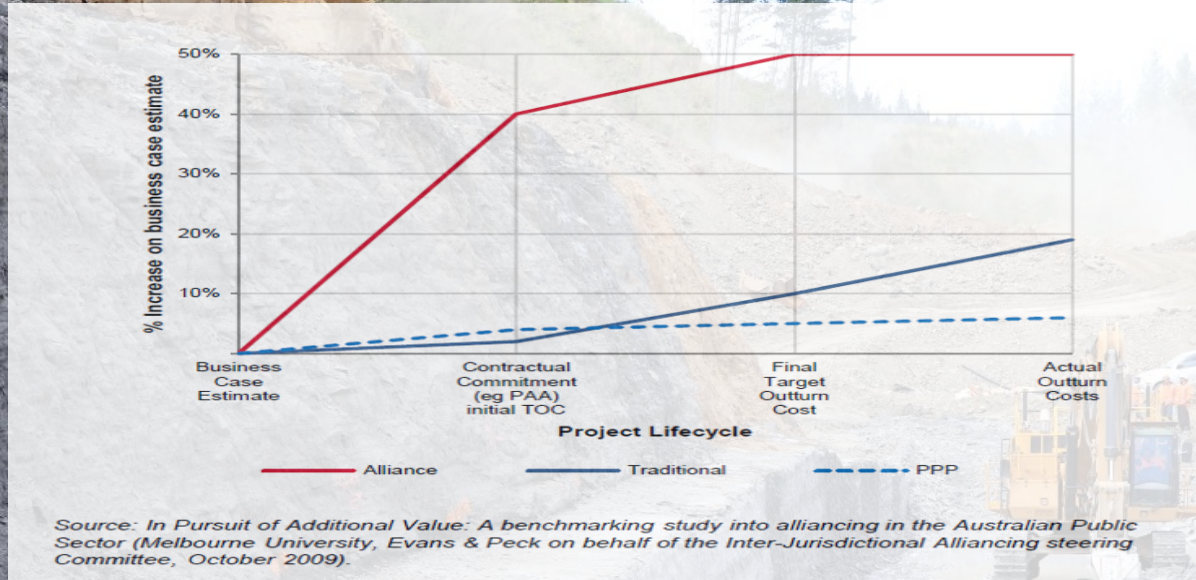
Vicente Valencia – CEO Northern Express Group

10th April 2019

Outline

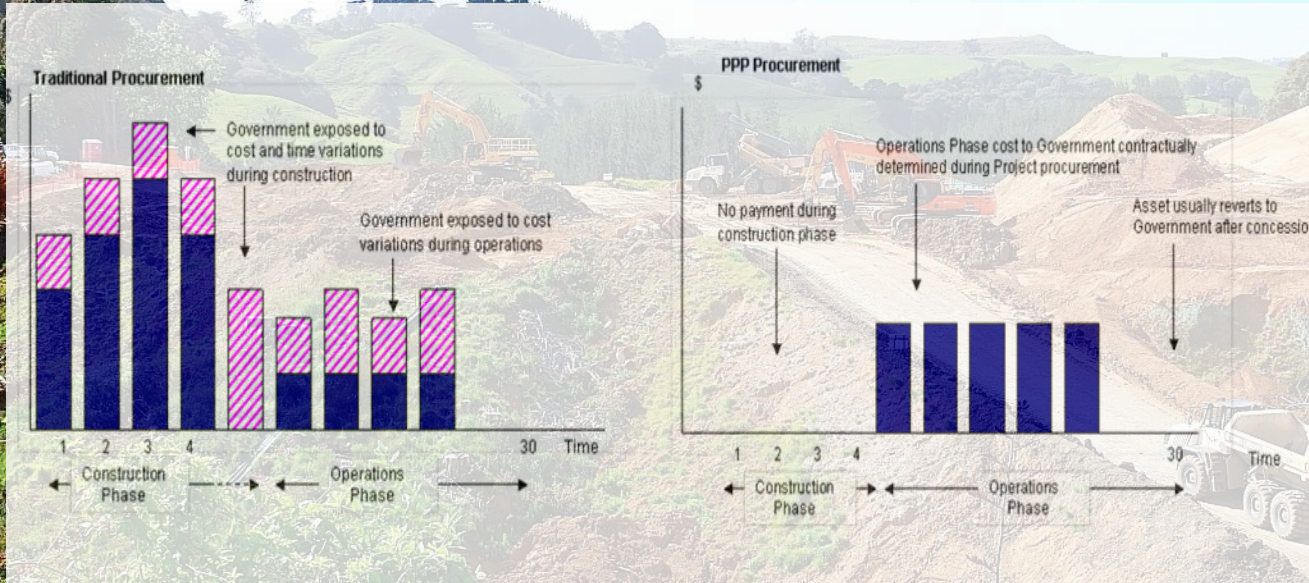
- Outturn Costs
- Cost Certainty
- PPP Model
- Risk Transfer/Allocation
- Contract Structure
- Key Outcomes & Objectives
- Risk Share
- Delegations
- Programme
- SH1 Widening
- Governance
- Governance Tools

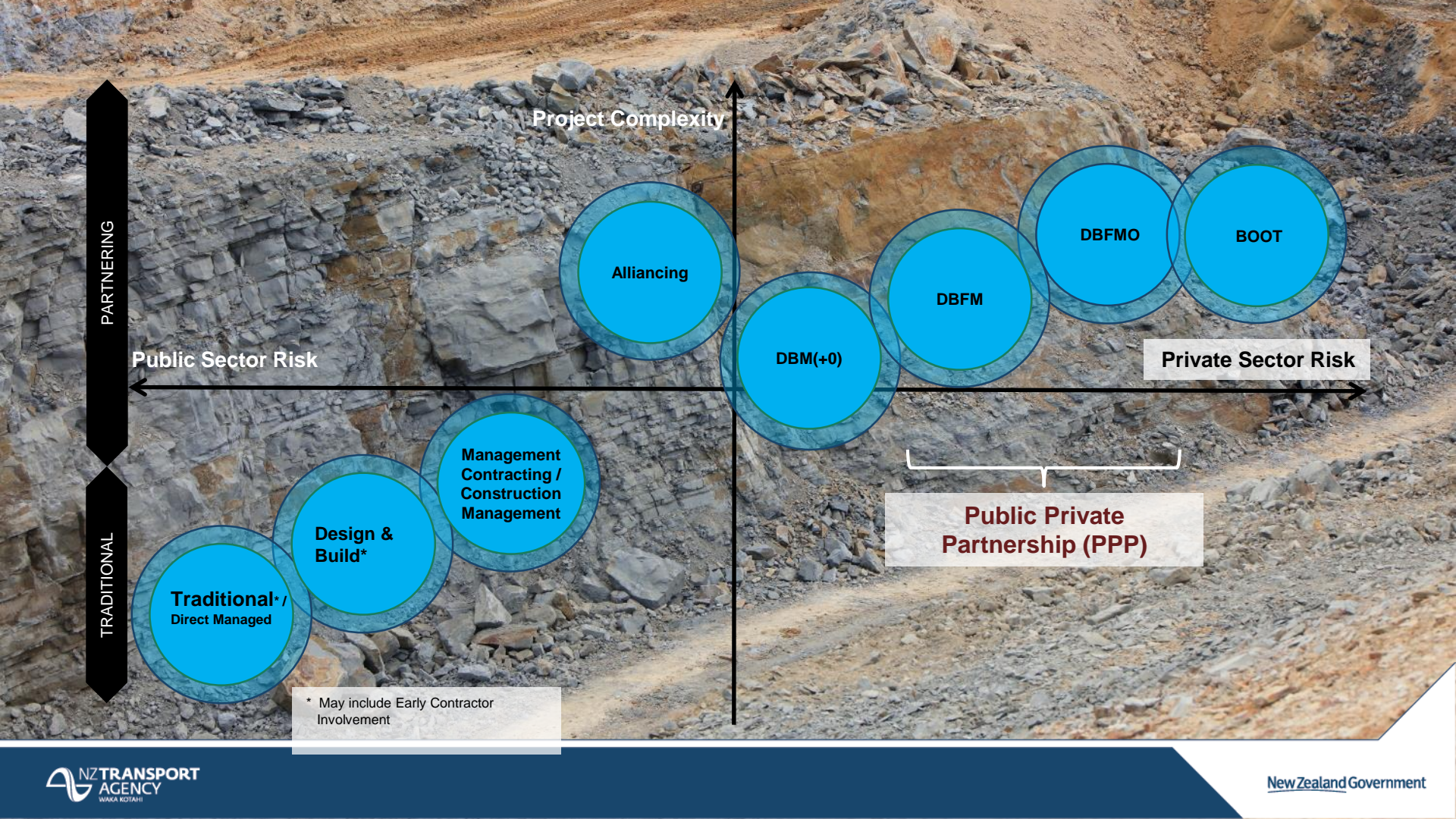
Public Private Partnerships – Outturn Costs



A long term contract for the delivery of a service, where the provision of the service requires the construction of a new asset, or the enhancement of an existing asset, that is financed from external (private) sources on a non-recourse basis and where full legal ownership of the asset is retained by the Crown.

Cost Certainty





PARTNERING
TRADITIONAL

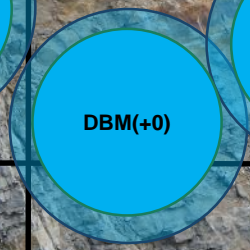
Project Complexity

Public Sector Risk

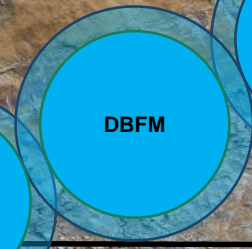
Private Sector Risk



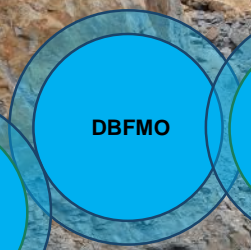
Alliancing



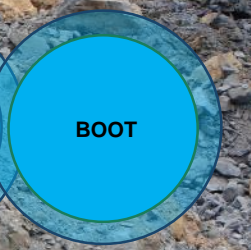
DBM(+0)



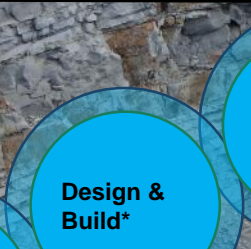
DBFM



DBFMO



BOOT



Design & Build*



Management Contracting / Construction Management



Traditional / Direct Managed

Public Private Partnership (PPP)

* May include Early Contractor Involvement

Risk Transfer / Allocation

In PPP contracts, risks are allocated to the party that is best able to manage them

Type of Risk	Transport Agency risk	Contractor risk
Changes in law during construction	No	Yes
Changes in law during operations	Shared	Shared
Land acquisition delay	Yes	No
Ground conditions	No	Yes
Archaeological artefacts	Yes	No
Third Party site access eg utility / land owners	No	Yes
Design (all aspects)	No	Yes
Construction (all aspects)	No	Yes
Operation (all except incident response)	No	Yes
Toll revenue or losses	Yes	No

Contract Structure



PROJECT AGREEMENT



SUBSCRIPTION AND SHAREHOLDERS



DEBT FACILITY



D&C CONTRACT

AM&M CONTRACT



INTERFACE AGREEMENT



Key Outcomes & Objectives

Services Delivery Contract – Provision of Transportation

Management and Maintenance of everything with the P2Wk Operating Site (including mitigation planning)

- Performance regime is applied across a number of KPIs. For the Contractor to be paid the full Unitary Charge without deduction they must provide services to a standard where:
 - no Charge Events occur;
 - no Unavailability Events occur; and
 - no KPI Breaches occur
- In addition there is an obligation to ensure that Service Commencement occurs on or before the planned service commencement date, 28th October 2021.

Charge Events - Road crash – Fatal and Serious Injury

Unavailability Events – shoulders/lanes/Ramps/Northern Intersection

KPI's

- Predictable Journeys - intersection LOS for low and high volume periods including ramp performance
- Predictable Journeys - user satisfaction surveys – incident/6mthly
- Road crash under TMP control
- Reporting Accuracy and Timeliness
- Asset condition - per 100m section
- Environmental consent or law breach
- Incident response – failure to meet prescribed timeframes
- Public complaints – timeliness of response
- ITS – uplink not available to ATOV
- Stakeholder and Communications Plan – breach of process of time frames



SAFETY

Target of zero deaths
& serious injuries

Continuous safety
improvements

Includes HSE during
works & services



PREDICTABLE JOURNEYS

Improved

Reliable

Including freight



TRANSPORT AGENCY'S REPUTATION

Protected & enhanced

High & sustained customer
satisfaction

Strong & sustained
stakeholder
relationships



HIGH QUALITY ASSET

Whole of life focus

Fit for purpose

Risk Share



PPP Delegations

NZ Transport Agency delegated functions & powers

- Government Roding Powers Act 1989
- Local Government Act 1974

For example, on a property adjacent to the P2Wk Operating Site there are trees looking unstable and unsafe

NX2 has the delegation under the Act to give notice to the owner to remedy trees or may implement work if in immediate danger. NX2 must contact owner and recover debts from them

If owner refuses / disputes, NX2 can refer to District Court and pass on ruling to owner

All of the above would normally sit with the NZ Transport Agency

Programme



Planning &
Consenting
2010-2014

DBC
2015

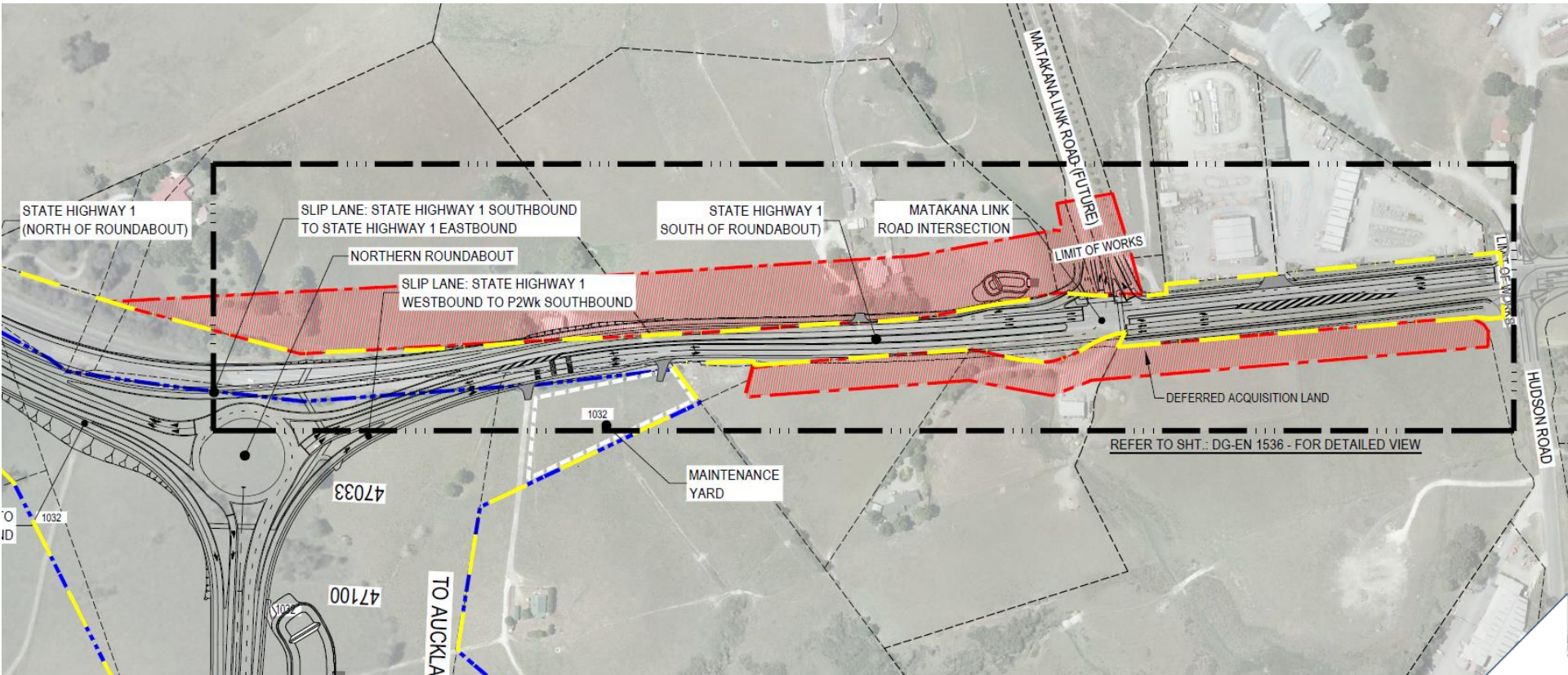
Procurement
May 2015 -
Nov 2016

Delivery
Nov 2016 –
October 2021

Services (25 years)
October 2021 – October 2046

Transport Agency Risk

- Land & Consents, Pak'n'Save Development, Auckland Transport Future Work, Showgrounds Access, Stormwater Pond, Watercare Plans, Vector Plans



Governance



Governance Tools

- Quality Assurance
- Dispute Resolution
- Conflicts of Interest
- Construction Monitoring
- Communication Protocols



Questions

