

Media Statement
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PPP INVESTIGATION FOR WATERVIEW MAKES SENSE

The New Zealand Council for Infrastructure Development welcomes the announcement today by Finance Minister Michael Cullen and Transport Minister Annette King that the government will investigate the feasibility of a public private partnership (PPP) for the Waterview project in Auckland.

"The Waterview project is the final link in the completion of the Western Ring Route. It will be the largest roading project ever built in New Zealand. It makes sense to look at this as a Public Private Partnership and maximise the skills and expertise of both the public and private sectors", says NZCID Chief Executive Stephen Selwood. Economic analysis has shown that completion of Auckland's Western Ring Route will add hundreds of millions of dollars to the economy on an annual basis. This results from improved traffic flow on the western corridor and reduced congestion on the parallel southern motorway. The productivity gain will have a consequential flow-on effect through the national economy.

"The bottom line is...the sooner this project is completed, the better for road users and the better it will be for the country as a whole", Selwood says.

"The decision to look at a PPP provides the opportunity for innovative funding and delivery of the project which has a number of advantages. One would expect that a public private partnership will enable this essential road link to be completed earlier and delivered and maintained to a higher standard than would otherwise have been possible. The injection of additional private sector finance will enable the public purse to stretch further to other major transport projects, both roading and public transport. Debt financing will enable a project that has better environmental outcomes and less social impact than might otherwise be possible. Finally, government is able to pass on many of the risks of a project, like cost overruns or lower than expected traffic volumes, to the private sector.

"It is important to note that a PPP delivery model will only be used if the business case stacks up and provided it can be demonstrated that a PPP will provide better value for money than traditional procurement. This is the key task of the joint public and private sector Steering Group that has been appointed.

"Waterview is a major project of international scale and will attract international interest. We have every confidence that the finance and construction sectors have the desire, skills and capability to deliver this project.

"The private sector is looking forward to working with the government to see the Waterview connection completed by 2015, or earlier, if at all possible", Selwood says. Contact Stephen Selwood for further information 09 271 4445 or 021 791 209
For further information about PPPs go to:
<http://www.nzcid.org.nz/publicprivatepartnerships1.html>