

Transmission Gully Motorway PPP, Interim, Project Review

Review of major project delivery risk and issues



LOCATION

Wellington, NZ

CLIENT

New Zealand Infrastructure Commission

PROJECT & PROGRAM
ASSURANCE

Background

In August 2020, the New Zealand Government directed the New Zealand Infrastructure Commission (Te Waihanga) to undertake a review into the \$1 billion Transmission Gully Motorway Project. NineSquared was appointed by the New Zealand Infrastructure Commission to undertake the Interim Review. The review focus was on development of the project's detailed business case and risk allocations, and included the following topic areas:

- Whether the budget presented was based on reasonable supporting analysis and assessment of costs, including appreciation of the inherent and contingent risks and their associated financial implications
- The development of the Public Sector Comparator (PSC) covering capital and O&M costs and accompanying probabilistic risk adjustments
- The commercial case for selection of the preferred procurement model and the accompanying rationale.

Our role

Steve Richards was NineSquared's expert and lead reviewer for this assignment. Steve developed the review methodology, conducted interviews to explore questions/focus areas, and undertook analysis, and report preparation.

One of the roles as lead/expert reviewer was to develop a stakeholder interview plan to inform the findings of this expert review. Key tasks led by Steve included identifying a key list of stakeholders to be interviewed, based on their connection and involvement with this review's terms of reference. Over 25 stakeholders were interviewed across the New Zealand government and the private sector

Specifically for the review of the 2012 business case, Steve identified the key review material relevant to the financial analysis of capital and O&M costs (over 30 years) and undertook the analysis of changes in the PSC's cost lines, the drivers leading to these changes, and reconciliation of the discounted and undiscounted PSC estimates to the nominal, undiscounted budget funding estimates used in the detailed business case.

Steve also reviewed and provided expert commentary on the risk allocation and commercial principles used in the detailed business case to support the use of the Availability PPP model for New Zealand's first major Road Availability PPP project.

The draft findings and draft report were reviewed by two eminent peer reviewers, the late Sir Michael Cullen, ex-New Zealand Deputy Prime Minister and Lindsay Crossen, ex-CEO of Fulton Hogan.

The success of this assurance review was demonstrated by very positive feedback from the peer reviewers, feedback from the New Zealand Cabinet that Steve's report had been well received with all recommendations accepted for implementation, and most importantly, many stakeholders interviewed provided constructive and helpful advice contributing to the quality of the final report. The report is publicly available on the New Zealand Infrastructure Commission's website.

As a result of Steve's work on the Interim Review, the New Zealand Infrastructure Commission re-appointed Steve in early 2022 to conduct a second "Post-Construction" review of the Transmission Gully Highway Project.

FOR FURTHER INFORMATION

For more information, find one of our experts at ninesquared.com.au/people