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Report 00.885

11 December 2000

File: T/7/1/6

[00885.awb]

Report to the Passenger Transport Committee
By Tony Brennand, Manager Transport Policy

Implications of Financing Options for Transmission Gully on Passenger Transport Planning

1. Purpose

To bring to the Committee's attention the implications for passenger transport planning of the Transmission Gully financing study.

2. Background

On 23 November 2000 there was a presentation to the Regional Land Transport Committee on approaches and issues arising from the financing of Transmission Gully. A copy of the report produced by PricewaterhouseCoopers Limited in association with Sinclair Knight Merz Limited is provided with this order paper.

3. Comment

The presentation focused on methods of financing Transmission Gully and the implications for current legislative and administrative procedures for road funding. It appeared that with appropriate changes in the legislation and administrative procedures for road funding, with tolling of the road, and the involvement of the private sector, it might be feasible to finance Transmission Gully. Some uncertainty remains with this project as cost and toll revenue information is not sufficiently precise to draw firm conclusions.

There are very few issues that relate to passenger transport planning from this financing study. An option that exists is for Council not to proceed with the proposed rail upgrade on the western corridor. This option is not recommended as it is contrary to the Regional Land Transport Strategy:

- (i) "Theme 1.1 – Expand and enhance urban public passenger transport"; page 37
- (ii) "Network balance – The Wellington Strategic road and rail network needs to be operated and developed in a way that carefully balances road capacity in one part of the network with other parts of the road and rail network"; page 53
- (iii) Western Corridor and the Western Corridor Implementation Plan (which replaces page 55)

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Attachment A shows Table 1 from the Western Corridor Implementation Plan. The build Transmission Gully early options include Rd A, Rd C, and Rd D. The difference between these options are various interim or no interim State Highway improvements. A comparison of these options with no rail improvements (PTO) and the proposed Western Line rail improvements (PT1) shows that.

- (i) The NPV of the tolls and petrol tax for the no rail improvement option is between 0 and \$2.4 million greater than the improved rail option.
- (ii) The NPV of benefits for the no rail improvement is between \$50 million and \$60 million less than the improved rail option.
- (iii) The NPV of costs is about \$60 million less for the no rail improvement option than the improved rail option.
- (iv) The NPV fare revenue is between \$9 million and \$10 million less for the no rail improvement option than the rail improvement option.
- (v) The NPV of benefits – costs + revenue is between 0 and \$2.5 million less for the no rail improvement option than the rail improvement options.

This means that by not improving the rail service there is a marginal increase in toll revenue which is offset by a large decline in the network benefits. In addition there would be some financial costs savings but a net loss in NPV of benefits – costs + revenue.

In simple terms there would be a marginal increase in toll revenue for the Transmission Gully project but the road network, particularly downstream of Transmission Gully, would be far more congested.

4. **Recommendation**

That this report be received.

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Attachment 1 : Table 1 : Economic Evaluation Based on Annualised AM, Inter and PM Peak Flows