
WESTERN CORRIDOR TRANSPORT STUDY

1. Purpose

To provide information on the Western Corridor Transport Study and in particular, the choice between Transmission Gully and the Coastal route.

2. Key Points

- There is a significant and worsening traffic problem on the Western Corridor.
- The Council's stance should be based on a regional perspective rather than parochial self-interest.
- Whatever solution is chosen, the benefits must exceed the costs.
- Arguments in favour of the Coastal route are as follows:
 - **Affordability:** latest estimates show a shortfall of \$580 million to fund Transmission Gully, while the Coastal route can be built using available funding;
 - **Flexibility:** the Coastal route, being made up of a number of individual projects can be implemented as traffic levels and funding permit, whereas Transmission Gully must be implemented as one large project;
 - **Risk:** as a single large project, Transmission Gully is very risky. Even a 50% cost over-run would be disastrous for the region, whereas a similar cost over-run on one project within the Coastal route could be made up by deferring or downsizing other projects;
 - **Quality of investment:** Transmission Gully gives such a low return on investment that it does not meet Land Transport NZ funding criteria;
 - **Urban form:** by providing a huge increase in capacity, Transmission Gully would encourage sprawl.
- The provisions of the Resource Management Act are available to protect the rights individuals who may be affected by the Coastal route.

A copy of the most recent consultation document on the Western Corridor study is attached for information and this includes a summary of the issues relating to Transmission Gully.

3. Recommendation

It is recommended that the Tawa Community Board:

1. *Receive the information.*

4. Discussion

Traffic projections show the region has a worsening problem on the Western Corridor, and needs to urgently address this given the long lead times needed for new roading projects. The government has made funding available that is generous by historical standards and in comparison to other regions (we have received only \$15m less than Auckland which has four times the population). This funding is sufficient to fund the Coastal route but not Transmission Gully. Therefore, the only practicable solution the region has when funding is taken into account is the Coastal option. If the region were to decide on an option that was not fundable (Transmission Gully) it would run the risk of losing this funding and / or delaying a decision for years.

The decision on which option to support should be taken from a regional perspective, rather than a narrower view based on what appears to be of most direct benefit to the city. The reasoning for this is that the city's future is inextricably linked with the region, as identified under the Wellington Regional Strategy.

In addressing this question, the approach should be that whatever the solution, the benefits must exceed the costs for it to be worthwhile. This is because there is no justification for investing a dollar unless the region receives at least one dollar return on that investment. In doing this, it is important to use a broad interpretation of what constitutes 'benefits', and it must be acknowledged that there are difficulties in identifying and quantifying benefits. Nevertheless, significant progress has been made in this regard and this has been incorporated in the analysis undertaken by the consultants.

Within this analysis framework, these are the key issues to be considered:

The first is affordability. Transmission Gully would cost a minimum of \$1 billion. The attached consultation document shows on page 21 that even after the promised government contribution of an additional \$405m, there would be a \$580m funding shortfall for Transmission Gully. The consultation document also shows (page 23) that the option of rates funding this shortfall would have a significant impact on property owners (\$25 per \$100,000 of rateable value for Wellington City, \$270 for Porirua).

The second is flexibility. The Coastal option contains a menu of individual projects that can be implemented as funding permits and as traffic growth justifies them. The consultation document contains a proposed programme of implementation for these projects. These projects are intended to be implemented in a rational sequence, and benefits will flow as soon as each project is completed. Transmission Gully, on the other hand, is a 'big bang' approach, in that it cannot sensibly be broken down into component projects. Moreover, traffic levels are not currently sufficient to justify such a

large increase in roading capacity, and projections are that they will never reach this level.

The third issue is risk. Undertaking the number of relatively small projects that make up the Coastal option is in effect spreading the risk. This can be considered as diversifying, something that economists consider prudent. If one project in the sequence exceeds the budget, costs can be recovered by trimming back or deferring later projects. Because Transmission Gully is a single big project, once underway, the options for containing risk are limited. A worse case scenario is that a cost over-run on Transmission Gully could suck up virtually all the funding in the region, leaving insufficient funding for other, more beneficial projects. Cost over-runs on roading projects of 50% and more are not uncommon, but an over-run of this magnitude on a \$1 billion project would be disastrous for the region. This would put in jeopardy projects like the Petone-Grenada link, the Basin Reserve intersection improvements or passenger transport upgrades in Wellington's northern suburbs.

The fourth issue is quality of investment. For roading projects, this is measured through the benefit-cost ratio. The benefit-cost ratio for Transmission Gully is assessed as being less than 0.2 which means that there would be a "return" of only 20 cents for every dollar invested. This return is made up of the travel time savings and vehicle operating cost savings for motorists using the road over time. By contrast, other roading projects would provide a much greater return on investment, for example, the Western Link Road (Stage 1) on the Kapiti Coast which would yield a return of over \$8 for every dollar invested or the Dowse-Petone improvements on State Highway 2 which would yield \$4. It would be irresponsible for the region to spend \$1 billion on a project which provided such a low return. There are also legal impediments to Land Transport NZ funding such low benefit projects, which are reflected in the table of costs already quoted on page 21 of the consultation document. By contrast, it should be possible through clever design to develop component projects on the Coastal route which yield much better benefit-cost ratios.

The final issue is urban form, which is about how any solution integrates with settlement patterns and the distribution of employment. The Coastal route travels through the centres of population and so integrates well with the urban form of the region. Transmission Gully, on the other hand, would pass through areas that are largely uninhabited, with little scope for development due to their hilly nature, apart from the area around Pauahatanui. The likely effect of this would be to encourage settlement at the Kapiti end by providing a high speed link, which would promote urban sprawl. Another aspect to this is that the Coastal route would make better use of existing investment, whereas if Transmission Gully was built it might be necessary to place speed limits on the existing route to force people to use Transmission Gully.

It is very unfortunate that a relatively small number of residents will be affected by the proposal for the Coastal route, and a smaller number may be displaced. It is in the nature of large infrastructure developments that some individuals may be disadvantaged to benefit the wider community. In NZ there are powerful legislative provisions in place which protect the rights of individuals and groups in the form of the Resource Management Act. These provisions are frequently used to mitigate the effects of large projects on individuals and sometimes to prevent their going ahead. The social impacts of the Coastal route should be addressed through this process.

There is considerable mis-information coming forward in the media and this has created further difficulties in understanding what is already a complex and difficult issue. Some examples of this are:

The cost of mitigating the effects of the Coastal route have not been taken into account in the estimates

These costs, to the extent they can be quantified, have already been included in the analysis. It is intended to develop a consenting strategy for the Coastal route that will further refine them.

The Coastal route is as expensive as Transmission Gully

This is not correct as can be seen from the consultation document (page 21). Moreover, because the Coastal route is made up of a number of smaller projects, there is flexibility to build them as the region can afford to do so. Transmission Gully, on the other hand effectively consists of one large project as building either the northern or southern sections on its own is not practicable.

The Coastal Route is only a short term solution

The Coastal route, when complete, will provide 4 lanes from Peka Peka to Ngauranga which is projected to be adequate for the foreseeable planning horizon. Most traffic growth is expected to occur in the next ten years, and the rate of growth is predicted to decline beyond that point.

The benefit of having an alternative route into the city (Transmission Gully) has not been taken into account.

This benefit has been factored into the technical evaluation. However, because the risk of closure of the Coastal route is relatively small, the benefit is not sufficient to significantly influence the decision.

The environmental effects of the Coastal route are greater than for Transmission Gully

One of the technical findings of the Study is that the Coastal Route has lower impact on indigenous habitats and ecosystems than Transmission Gully.

Transmission Gully can be built more quickly than the Coastal Route which will take 24 years

Significant portions of the Coastal route (Petone-Grenada, Kapiti Western Link Road, Coastal Expressway and Pukerua Bay Bypass) can be completed progressively within 11 years. As each element is finished, benefits will start to flow. The only major component beyond this period will be the Mana Bypass. If funding was available to build Transmission Gully, it might be completed within 10 years but there would be not benefits until it was completely finished. Moreover, there are benefits in delaying the completion of individual projects until traffic levels increase to justify them.

5. Conclusion

The issue of choosing between the Coastal option and Transmission Gully is complex and neither solution is ideal. However, on balance the Coastal option provides the only practicable solution.

Report prepared by: *Greg Campbell, Senior Strategic Adviser.*