

TOWNSVILLE EASTERN ACCESS RAIL CORRIDOR DETAILED BUSINESS CASE 2017



SUMMARY OF COST BENEFIT ANALYSIS

A detailed economic cost benefit analysis was undertaken for the Townsville Eastern Access Rail Corridor (TEARC) that measured the incremental direct benefits associated with TEARC against a base case ('without' project). The cost benefit analysis considered several scenarios to validate the results of the central case, along with sensitivity analysis designed to test any uncertainty in the parameters utilised in the analysis.

The detailed cost benefit analysis for TEARC produced a benefit cost ratio of 0.16 with a corresponding net present value of -\$226.3m over 30 years.

The sensitivity testing of the cost benefit analysis concluded that under all tests, the benefit cost ratio remained below 1. In addition to the sensitivity testing, two alternative demand scenarios were modelled to estimate the impact of TEARC from different assumptions of minerals demand and trade growth through the Port of Townsville. Under all scenarios, the benefit cost ratio remained below 1.

Cost benefit analysis results	4%	7%	10%
P50 costs			
Benefit cost ratio	0.26	0.16	0.11
Net present value	-223.6	-226.3	-214.8
P90 costs			
Benefit cost ratio	0.25	0.15	0.10
Net present value	-240.9	-241.6	-228.4

Refer to the *Townsville Eastern Access Rail Corridor Detailed Business Case*, Chapter 7—Economic analysis, on Building Queensland's website for further information: www.buildingqueensland.qld.gov.au