

Summary

The Cost/Benefit Analysis Method has shown itself to be a useful tool in planning and programming Government projects. As developed in this study, this form of analysis generally consists of two parts, namely, (i) the economic section in which benefits and costs can be quantified in monetary terms and (ii) the section in which a statement is made of all those benefits and costs to which a dollar value cannot be placed.

The savings in vehicle operating costs were computed and matched against the capital, maintenance and operating costs of the construction of the new Princess Margaret Highway Carriageway giving full regard to the time cost of money. The internal rate of return was calculated and found to be of the order of 3% and above which the project can be economically justified.

However, it is recognised that the economic analysis alone cannot justify the implementation of the project, and the non-monetary and non-quantifiable consequences must also be projected in order that the decision-maker can have a full picture of the possible effects of the project. Hence the reason for the inclusion of Chapter 6.