

14 February 2020

One Hour Train to Turku as a joint project of the central government and municipalities - Q&A

Accessibility of regions is essential for Finland's competitiveness and success. Major rail projects boost economic growth, help to ensure a more equitable distribution of income and have a positive impact on commuting areas, urban structures and the environment. Climate change, urbanisation and the challenges arising from accessibility all necessitate substantial investments in the Finnish transport system and a shift towards sustainable modes of transport. Consensus on establishing a project company has been reached between the negotiators in the One Hour Train to Turku project, allowing the project to move forward.

1. What are project companies needed for?

The preconditions for developing rail traffic and building new, high-speed rail connections include more predictable transport system planning, higher infrastructure investments, and faster realisation of the investments' societal benefits.

Combining central and local government resources is the most effective way to achieve these objectives. The project company model is a new way to plan, implement and finance major rail investments as a joint effort for the benefit of the wider society. The advantage of implementing major projects as a joint effort lies in that all stakeholders get to have their say as the work progresses. In the long term, participation in the project will encourage the project company's shareholders to develop urban planning and land use, which in turn will promote efficient construction of housing and business premises, meeting the needs of urbanisation and sustainable development.

The central government's ability to allocate budget funding to projects of this scale is limited, which makes it necessary to develop new funding models for rail projects. The project company model makes it possible to develop the rail network more efficiently and to increase the number of projects that can be implemented. This was the conclusion of both a parliamentary working group on transport funding and a Ministry of Finance working group examining the use of the company model in infrastructure projects.

2. What are project companies expected to achieve?

Faster connections mean better transport infrastructure while also boosting regional development and promoting the achievement of sustainable mobility objectives across a broad front. Rail connections help to expand employment areas between large urban sub-regions, improving the efficiency of economic activities in cities and rural municipalities. A high-speed rail connection shortens travel times between cities and expands employment and labour market areas, creating new possibilities for growth and development in the regions. The projects strive to expand companies' business areas, support tourism and increase the attraction and competitiveness of the regions.

The backdrop to the establishment of the project company is facilitating the planning of a rail connection between Helsinki and Turku. This connection is one of the most important rail links in

Finland, and broad-based needs for developing it have been identified. The rail connection between Helsinki and Turku is one of the busiest sections for passenger services in the country. A direct railway line from Espoo to Salo would shorten the rail connection between Helsinki and Turku. It would enable high-speed long distance traffic between Helsinki and Turku and the development of commuter rail services to Kirkkonummi and Lohja as well as Vihti. A double-track railway line between Salo and Turku would make it possible to operate more trains on the rails, facilitate the meetings of trains between Salo and Turku, and also enable commuter rail services on the Turku–Salo section. While similar benefits could not be obtained by developing the current coastal railway, among other reasons because of its alignment, this link will remain operational and provide vital additional capacity.

The Helsinki–Turku section is also part of the transboundary Scandinavian–Mediterranean core network corridor of the Trans-European network (TEN-T). Both Helsinki and Turku are TEN-T urban nodes.

3. What are the tasks of project companies?

Project companies prepare project plans and arrange the necessary funding so that construction can start. This means completing the planning process up to the point where a statutory rail plan has been finished. The construction plan is part of the project's construction phase, not the responsibility of the project company in the planning phase. A separate decision will be made on the actual construction of the project. To ensure that the most cost-effective and feasible solutions will be implemented, the projects will be integrated in the development of the transport infrastructure network as a whole and in the 12-year transport system plan.

4. What has been achieved in the negotiations and which topics have been discussed?

In November 2019, intensive negotiations on a shareholders' agreement led by the Ministry of Transport and Communications were initiated to enable the establishment of the company in cooperation between the central government and the participating municipalities. The contents of the shareholders' agreement have now been finalised as the outcome of negotiations initiated in November. The shareholders' agreement lays down the details of such matters as the establishment, administration and financing of the project company, decision-making in the company and the shareholders' mutual rights and obligations.

The shareholders' agreement and the establishment of the project company must still be approved by the decision-making bodies of the parties involved in the negotiations. At central government level, the matter will be discussed in the Cabinet Committee on Economic Policy in March 2020. The elected bodies of the participating municipalities will discuss the matter between February and April 2020.

5. Which parties have joined the shareholders' agreement?

In addition to the central government, the following parties have joined the shareholders' agreement:

- City of Turku
- City of Espoo
- City of Helsinki
- City of Salo
- City of Lohja
- Vihti Municipality
- Kirkkonummi Municipality.

6. What does the planning of the One Hour Train to Turku involve?

The high-speed rail link between Helsinki and Turku has four separate components: the railway line to Espoo, the direct railway line from Espoo to Salo, the rail section between Salo and Turku, and the development of certain aspects of the railway yard in Turku. The purpose of establishing the project company is to continue the planning of the direct railway line from Espoo to Salo and the Salo-Turku section to the point where construction can be launched.

Implementing the railway line to Espoo as well as the necessary improvements of Turku railway yard are preconditions for completing the high-speed connection between Helsinki and Turku. In terms of project stages, it is obvious that these two projects must be completed before the project company's tasks, and as such they are not included in the company's activities.

As background documents for the negotiations were used the Finnish Transport Infrastructure Agency's latest demand forecasts, which have identified positive impacts from developing this rail connection on both long-distance and commuter traffic.

7. How long will the planning process take?

Excluding potential appeal periods, the further planning of the high-speed rail connection between Helsinki and Turku on the Salo–Turku section has been estimated to take until 2024, and on the Espoo–Salo section until 2025.

One of the aims of the project company model is to speed up the planning process.

8. How are the operations of the project companies financed?

In the first phase, on which agreement has now been reached, the companies will prepare project plans and secure funding for the projects up to the point where construction can start. During the planning phase, a project company receives most of its funding in the form of capitalisation provided by its shareholders. It can also apply for CEF funding provided by the EU to cover project planning costs, which would reduce the amount of capital that the owners would have to inject into the company.

In the construction and operating phases, the company will be able to rely on more diverse sources of funding and revenue, but in large projects, proceeding gradually and in stages is the right option. For this reason, only decisions on the planning phase will be made at this stage.

9. What will the project cost?

Estimates put the approximate costs of the remaining planning work on the One Hour Train to Turku, which will be carried out by the project company, at slightly over EUR 75 million. Of this amount, the planning costs of the direct railway line between Espoo and Salo will account for approx. EUR 60 million and the double-track railway line from Salo to Turku approx. EUR 15 million.

The initial estimate of the constructions costs is approx. 2.3 billion for the Espoo–Salo direct line and approx. EUR 435 million for the double-track line between Salo and Turku.

10. How will the (planning) costs be shared between the parties?

The Cabinet Committee on Economic Policy decided on 10 September 2019 that the central government would own at minimum 51% of the project company in the establishment phase, and that the other shareholders would undertake to inject capital into the company covering approx.

49% of the planning costs incurred until the construction can be launched and other costs incurred from the project company's operation.

The other shareholders have reached an agreement on the allocation of the 49% capital injection between them. The parties' contributions and shareholdings in the project company are listed below. The parties have undertaken to contribute at most the Euro amount cited below towards the project company's costs:

Shareholder	Contribution (EUR million)	Contribution (% approximate)
Central government	EUR 39.45 million	51%
City of Turku	EUR 10.25 million	13.3%
City of Espoo	EUR 10.25 million	13.3%
City of Helsinki	EUR 5.8 million	7.5%
City of Salo	EUR 3.74 million	4.8%
City of Lohja	EUR 3.74 million	4.8%
Vihti Municipality	EUR 3.74 million	4.8%
Kirkkonummi Municipality	EUR 0.38 million	0.5%

11. What is the latest on the CEF application?

The agreement reached between the parties opens the way for an application for EU grants during the current call for CEF (Connecting Europe Facility) proposals. The call for proposals for CEF Transport 2019 opened on 16 October 2019 and will close on 26 February 2020. The Finnish Transport Infrastructure Agency is now preparing the CEF application and will submit it to the European Commission by the deadline. The project company will be made the beneficiary at a later stage.

According to preliminary information received from the European Commission, the applications will be evaluated between March and June 2020. The funding decisions will be made following this assessment (in June or July 2020), after which the grant agreements are ready for signature.

12. If the plans go ahead, how will the One Hour Train to Turku affect travel times?

The fastest travels time between Helsinki and Turku would be approx. 73 minutes on so-called Express trains and 86 minutes on IC trains. The travel time between Helsinki and Vihti/Lohja would be approx. 35 minutes on IC trains and approx. 41 minutes on commuter trains.

13. When could operation on the new high-speed railway line between Helsinki and Turku begin?

Current estimates indicate that the entire construction project could be completed and operation could begin in late 2031. The agreement between the parties covers the planning up to the point where construction can be launched, but further negotiations will be required to move forward to the construction phase.

14. What happens next?

The negotiating parties will consider the matter in their own decision-making processes. At central government level, the matter will be discussed in the Cabinet Committee on Economic Policy in

March. In the participating municipalities, the project will be discussed by elected bodies in February and March 2020.

The negotiating parties intend to establish the company as soon as possible after they have made the required decisions and the shareholders' agreement has been signed.

The first task of the project company would be getting organised so that it can start its work related to the further planning of the project as soon as possible.

15. Why does the mere planning of a railway project take years, and its possible implementation almost a decade?

In general, the planning process of railway projects progresses stage-wise, allowing the plans to come into a sharper focus, and contains many statutory phases. The planning process of railway projects progresses as follows:

1. A preliminary study, in which such aspects as the timing of the railway project at the level of the regional land use plan and local master plans is examined. At this stage, alternative track alignments are possible, for which more detailed plans are produced as the process moves forward.
2. General planning, in which the approximate location of the railway line, its space requirements and its relationship with land use in surrounding areas are determined.
3. Track design, which involves detailed design work aimed at implementing the rail project.

Additionally, an environmental impact assessment must be carried out for these projects. This is a statutory process in which the impacts of the rail project on nature, the built environment, human health and well-being as well as exploitation of natural resources are assessed.

Appeals against the plans may also be submitted, which may prolong the planning process and ultimately delay the completion of the project.

Similarly to the planning process, the actual construction phase also has several different stages. For example, long-term soil studies are needed before rail infrastructure can be built. On some sections, a tunnel through rock or soil excavation may be needed before the tracks can be laid.

In projects of this scale, the construction stages are long and require a great deal of careful planning.

However, one of the aims of the project company model is to speed up the planning process.

Further information

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