



## Victorian Budget 2018-19 - Container Freight Impacts CTAA Synopsis

The Victorian Budget 2018/19 handed down on Tuesday, 1 May 2018 by the Victorian Treasurer, Tim Pallas, is laden with infrastructure investment pledges, particularly for metropolitan and regional roads and rail, as well as TAFE funding.

However, how will it benefit the landside container logistics industry in Melbourne and Victoria?

This brief CTAA synopsis and commentary highlights specific Budget announcements from a container logistics perspective:

**3.3%**  
Economic growth in  
2016/17, above the  
national average of 2.0%

**\$10.1 billion per year**  
Investment in  
infrastructure over the  
next four years

**\$1.4 billion**  
2018/19 operating  
surplus estimate

### **Transport Freight Plan – Output Initiatives Funding 2018/19: \$7.6 million**

Funding will be provided to enhance the efficiency of Victoria's freight network, including:

- Developing a business case for the establishment of the **Western Interstate Freight Terminal (WIFT)**; and
- To support investigations for an **integrated logistics hub at the Melbourne Markets and Dynon Road**.

The **Mode Shift Incentive Scheme (MSIS)** will be continued to encourage the transfer of freight from road to rail for regional container movements to the Port of Melbourne. The MSIS provides incentive payments to companies operating container freight rail services on the following corridors:

- Tocumwal corridor
- Warrnambool corridor
- Horsham corridor
- Mildura corridor

In 2016/17, the actual number of containers moved by rail which attracted the subsidy was 41,840 containers. The target number for 2018/19 is 42,500 containers, so no real forecast for growth there.

The Transport Freight Plan, administered by the Port and Freight Access unit of the Department of Economic Development, Jobs, Transport and Resources (DEDJTR), also includes a "**review into *how truck drivers are trained and licensed ... This review will seek to grow the driver workforce and attract young people into the industry, as a response to address the State's growing road freight task.***"

**Comment:** A review of truck driver training and licensing is welcomed, but will need to take account of the national nature of the graduated licencing system, the national licencing competency standards, and the the longer term objective for heavy vehicle licencing to be controlled nationally through the National Heavy Vehicle Regulator (NHVR).

In relation to **enhanced rail access to the Port of Melbourne**, we note that the Budget Papers only anticipate 20% of the project funding for the “Metropolitan Intermodal System” (MIS) being expended in 2018/19.

The MIS involved the previous allocation of \$58 million (combined Federal / State funding) for the development of a rail metropolitan intermodal system linked to rail access at the Port. Therefore, it is forecast that only some \$11.6 million will have been expended on the MIS this coming financial year.

Transport for Victoria has been leading an “Expression of Interest” (EOI) process for bids to develop **Port Rail Shuttle** capacity between the Port of Melbourne and metropolitan intermodal hubs. EOI applications closed at the end of October last year.

CTAA understands that Transport for Victoria has sought further information from shortlisted candidates by the end of May, with the successful bidder to be advised by the end of September 2018.

Meanwhile, the privatised Port of Melbourne has a legislative obligation to present to the Minister for Ports a **Port Rail Access Strategy**, which CTAA understands has been deferred and is now likely to be released towards the end of next year closer to the statutory deadline.

## **Road Investment – Metropolitan – Asset Initiatives = \$2.2 billion - forward estimates**

<b><u>Metropolitan Roads</u></b>	2017-18	2018-19	2019-20	2020-21	2021-22
Canterbury Road upgrade <sup>(b)(c)</sup>	0.0	0.3	0.4	..	..
Heathmont Shopping Centre access and safety improvements <sup>(d)</sup>	1.2	..	..	..	..
Maroondah Highway – Bellara Drive intersection upgrade <sup>(e)</sup>	0.1	0.2	..	..	..
Metropolitan road restoration and maintenance	..	88.9	..	..	..
Monash Freeway upgrade – Stage 2 <sup>(f)</sup>	0.1	0.7	6.6	11.3	8.7
Mount Dandenong Tourist Road upgrades <sup>(b)(g)</sup>	0.0	0.0	0.3	0.1	..
North East Link – Development to procurement	..	6.0	..	..	..
Regional and metropolitan road upgrades <sup>(h)</sup>	..	0.8	..	0.1	0.1
West Gate Bridge maintenance	..	..	2.7	21.3	14.7

### **Metropolitan road restoration and maintenance**

Funding will be provided for additional road surface replacement works to repair roads across metropolitan Melbourne. These works will increase the safety, efficiency and productivity of the road network by reducing the deterioration of road surfaces and improving the structure and integrity of roads.

### **Monash Freeway upgrade – Stage 2**

The second stage of the Monash Freeway upgrade project will expand the Monash Freeway with additional lanes between Warrigal Road and EastLink, and between Clyde Road and Cardinia Road, reducing congestion and improving travel times for more drivers in Melbourne’s south-east.

The upgrade also includes installing smart on-road technology from the South Gippsland Freeway to the Beaconsfield interchange and links to a new, duplicated O’Shea Road. These works build on the significant investment already made as part of the first stage of the Monash Freeway upgrade project.

### **Mordialloc Freeway**

Additional funding will be provided to upgrade the proposed bypass from an arterial road to a freeway connection between the Mornington Peninsula Freeway at Springvale Road and the Dingley Bypass. This significant upgrade will reduce average travel time and congestion along the route and other arterial roads in the South East of Melbourne.

## **West Gate Bridge maintenance**

West Gate Bridge works will be undertaken to deliver proactive maintenance and painting.

## **North East Link – Development to procurement**

The North East Link will establish a motorway connection between the M80 Ring Road and the Eastern Freeway. The alignment, via Watsonia and Bulleen, was announced by the Government in November 2017.

The new six lane, 11 kilometre motorway will include a tunnel beneath environmentally sensitive areas and interchanges at Bulleen Road, Manningham Road, Lower Plenty Road and Grimshaw Street.

Local access along key arterial roads such as Greensborough Road and Greensborough Bypass will be maintained and remain toll free.

The project also includes a major upgrade of the Eastern Freeway between Chandler Highway and Springvale Road – which will also remain toll free – and a new dedicated busway facility between the Doncaster Park and Ride and Hoddle Street.

Funding will also be provided to finalise the preparation of the statutory planning approvals process, including preparing an Environmental Effects Statement, and preparing for procurement to commence in 2018-19.

## **Suburban roads upgrade**

Building on the Western Roads Upgrade, the Government has announced two additional packages of arterial road upgrades in the northern and south-eastern suburbs of Melbourne.

Each package will deliver a combination of high-priority road upgrades and maintenance for these outer suburban communities. The packages will be procured as availability public private partnerships.

The Northern Roads Upgrade will include a combination of duplication and upgrade works to northern arterial roads including:

- Childs Road, from Beaumont Crescent to Prince of Wales Avenue, Mill Park;
- Craigieburn Road, from Mickleham Road to Hume Highway, Craigieburn;
- Epping Road, from Craigieburn Road to Memorial Avenue, Epping;
- Fitzsimons Lane, Templestowe;
- Sunbury Road, from Bulla-Diggers Rest Road to Powlett Street, Sunbury; and
- Yan Yean Road from Kurrag Road Yarrambat to Bridge Inn Road Doreen, and Bridge Inn Road, from Plenty Road to Yan Yean Road Doreen

The South-Eastern Roads Upgrade will include a combination of duplication and upgrade works to south-eastern arterial roads, including:

- Golf Links Road, from Peninsula Link to Baxter-Tooradin Road, and Grant Road, from Baxter-Tooradin Road to Frankston-Flinders Road, Langwarrin South;
- Healesville-Koo Wee Rup Road, from Princes Freeway to Manks Road, Pakenham;
- Hallam North Road, from Heatherton Road to James Cook Drive, Endeavour Hills;
- Lathams Road, from Oliphant Way to Frankston-Dandenong Road, Carrum Downs;
- Narre Warren-Cranbourne Road, from Thompsons Road to South Gippsland Highway, Cranbourne;
- Thompsons Road, Cranbourne; and
- Widening Pound Road West/Remington Drive from two to four lanes between Abbott's Road and South Gippsland Highway, including a new bridge over the Cranbourne Line.

## **Road Investment – Regional – Asset Initiatives = \$941 million - forward estimates**

<b><u>Regional Roads</u></b>	<i>2017-18</i>	<i>2018-19</i>	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>	<i>2021-22</i>
Calder Highway upgrade <sup>(g)(p)</sup>	1.8	7.3	9.1	..	..	18.3
Continuing Towards Zero <sup>(e)</sup>	..	31.2	118.0	..	..	149.2
Forrest-Apollo Bay Road upgrade <sup>(g)(q)</sup>	1.3	4.8	3.4	..	..	9.4
Hamilton Highway upgrade <sup>(g)(r)</sup>	7.6	1.9	0.1	..	..	9.5
Kiewa Valley Highway <sup>(g)(s)</sup>	0.8	3.0	3.4	0.5	..	7.6
Kilmore Bypass – Land acquisition	..	20.0	..	..	..	20.0
Princes Highway West upgrades – Colac to South Australia border <sup>(g)(t)</sup>	9.5	9.6	9.6	9.6	..	38.4
Regional and metropolitan road upgrades <sup>(u)(v)</sup>	..	10.0	12.9	4.6	..	27.5
Regional road restoration and maintenance	..	81.0	87.2	..	..	168.2
Shepparton heavy vehicle alternative freight route upgrades <sup>(g)(w)</sup>	1.3	2.9	11.5	3.4	..	19.1
Western Highway – Ararat Bypass – Planning and preconstruction <sup>(g)(x)</sup>	..	16.1	31.0	..	..	47.1
Western Highway – Beaufort Bypass – Planning and preconstruction <sup>(g)(y)</sup>	1.0	15.3	30.8	..	..	47.1

### **Calder Highway upgrade**

The Calder Highway between Bendigo and Mildura will be upgraded to improve road safety, freight efficiency and journey times. Works will include constructing new roundabouts, additional intersection turning lanes, rest areas and overtaking lanes.

### **Hamilton Highway upgrade**

Sections of the Hamilton Highway between Geelong and Cressy will be strengthened, widened and resurfaced to improve road safety, travel times and driver amenity. The Hamilton Highway-Burnside Road intersection near Inverleigh will also be upgraded with additional turning lanes to improve the safety of vehicles entering and exiting the highway.

### **Kiewa Valley Highway**

The Kiewa Valley Highway between Wodonga and Mount Beauty will be upgraded to improve road safety and driver amenity. Works will include widening narrow sections and sealing road shoulders to provide a safer environment for cyclists, drivers and heavy vehicles. Key intersections along the highway will also be upgraded to improve driver sightlines.

### **Kilmore Bypass – Land acquisition**

Following the completion of the ESS process, funding is provided to acquire land for the Kilmore Bypass. The bypass will improve traffic flow and remove heavy vehicles from the main streets of Kilmore, reducing noise and improving services for local residents.

### **Princes Highway West upgrades – Colac to South Australia border**

Sections of the Princes Highway between Colac and the South Australia border will be strengthened and resurfaced to improve freight efficiency, safety and driver amenity. Key intersections will also be upgraded including realigning the Princes Highway-Portland-Casterton Road intersection to improve road safety.

## **Regional road upgrades**

A package of road works across Victoria will improve travel times, enhance safety and cater for future growth, including:

- Sturt Street, Pleasant Street to Dyson Drive, Ballarat: intersection signals, U-turn upgrades and dual circulating roundabout lanes;
- Phillip Island Road/Back Beach Road, Phillip Island: new dual lane roundabout;
- Melbourne-Lancefield Road/Barry Street, Romsey: new roundabout and pedestrian upgrades;
- Rosanna Road, Lower Plenty Road to Banksia Street, Heidelberg: intersection signals, pedestrian upgrades and variable speed limits;
- Moore Street/Nicholson Street, Coburg: pedestrian upgrades; and
- Program of heavy vehicle safety and productivity enhancements, including intersection upgrades, pavement rehabilitation and strengthening and rest area upgrades.

This initiative also provides funding for further investigation and development of future road improvement works, including:

- Portarlington-Queenscliff Road, Portarlington to Queenscliff: safety upgrades;
- Mclvor Highway, Harley Street to Bennetts Road, Junortoun: capacity and safety upgrades;
- Bendigo-Redesdale Road, Strathfieldsaye: capacity upgrades;
- Wallowa Road/Ryans Road, Eltham North: intersection upgrades;
- Civic Drive/Greensborough Bypass/Diamond Creek Road, Greensborough: intersection upgrades;
- Heatherton Road/Lightwood Drive/Douglas Street, Noble Park: intersection upgrades;
- Warrigal Road, South Road to Waverly Road: capacity and safety upgrades; and
- Princes Highway/Wattle Avenue, Werribee: intersection upgrades.

## **Regional road restoration and maintenance**

Funding will be provided for additional road surface replacement works to repair roads across regional Victoria. These works will increase the safety, efficiency and productivity of the road network by reducing the deterioration of road surfaces and improving the structure and integrity of roads.

## **Regional Roads Victoria**

Regional Roads Victoria will be established within VicRoads to better plan, maintain and advocate for the regional road network in both the short and long term with a focus on safety, maintenance, freight, tourism and economic prosperity. Led by the Chief Regional Roads Officer, it will deliver Victorian Government investment in regional road maintenance.

## **Shepparton heavy vehicle alternative freight route upgrades**

Roundabouts on the Shepparton Alternative Route at the intersection of Old Dookie Road and New Dookie Road will be upgraded to improve access and safety for Higher Productivity Freight Vehicles in Shepparton's industrial precincts. Works will also include future-proofing the corridor to cater for future growth.

## **Western Highway – Ararat Bypass – Planning and preconstruction**

Funding will be provided for detailed planning and preconstruction activities for the Ararat bypass. Technical investigations, environmental studies and community consultations will be undertaken to inform a business case for the preferred project scope and alignment. The bypass will improve freight efficiency, road safety and local amenity by reducing the number of heavy vehicles travelling through Ararat.

## **Western Highway – Beaufort Bypass – Planning and preconstruction**

Funding will be provided for detailed planning and preconstruction activities for the Beaufort bypass. Technical investigations, environmental studies and community consultations will be undertaken to inform a business case for the preferred project scope and alignment. The bypass will improve freight efficiency, road safety and local amenity by reducing the number of heavy vehicles travelling through Beaufort.

## **Vocational Training – TAFE Initiatives**

The Budget has a strong emphasis on repairing the vocational training system in the State:

**\$172 million  
to make TAFE free  
for 30 priority  
courses**

**\$304 million  
to train more  
Victorians**

**\$120 million  
to upgrade and  
modernise three  
TAFE facilities in  
regional Victoria**

**\$44 million  
to modernise  
apprenticeships**

The Government will make training at TAFE free for 30 priority courses, commencing 1 January 2019.

Eligible students will pay no course tuition fees for the duration of selected courses.

Nominated apprenticeship pathway courses in Government priority areas will also be free, to encourage higher participation and opportunities for students to consider undertaking apprenticeships.

Government claims that the initiative will reduce a financial barrier to training, incentivise students to consider careers in priority occupations and respond to industry demand for skilled graduates.

**Comment:** Unfortunately, there are no specific Transport & Logistics vocational certificate qualifications listed in the 30 priority courses, yet courses like Certificate II in Salon Assistant, and Certificate II in Furniture Making are listed.

Sure, you've got to get your hair done and you need to sit on something, but you need freight to move 24/7 too!!

The Budget Papers do say however that "*following consultation, the Government will make further announcements to confirm the composition of an additional ten priority courses.*"

It is hoped therefore that at least one Transport & Logistics qualification such as Certificate III in Warehousing Operations, or Certificate III in Logistics, can make it onto the second list to give financial assistance for vital training in the transport & logistics sector.

## **Other – Labour Hire Licencing**

A mention is made regarding the implementation of the Victorian Labour Hire Licencing laws once the legislation has passed the Victorian Parliament in the coming weeks.

The Budget allocates a performance target on the Industrial Relations unit of DEDTJR in 2018-19 to conduct 200 "*education and compliance inspections of providers/users ... under the Labour Hire Licencing Scheme*".

It is also anticipated that 150 organisations will become licence holders under the Licencing regime in 2018-19.

As the transport & logistics sector is a significant user of labour hire services, this will have administrative and cost impacts. Also, as is the case with the Queensland with its Labour Hire Licencing laws, there may be "unintended" consequences on employment practices in the transport & logistics sector, including whether companies providing sub-contracted drivers must be licenced.