

CCAA Submission on the update of the Victorian Freight Plan



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Summary

Cement Concrete & Aggregates Australia (CCAA) is the peak industry body for cement manufacturers, concrete suppliers and extractive operators throughout Australia. Collectively known as the heavy construction materials industry, CCAA members operate cement manufacturing and distribution facilities, concrete batching plants, hard rock quarries and sand and gravel extraction operations throughout the nation to meet Australia's building and construction needs.

These materials are vital to delivering the infrastructure required to support Australia's built economy which underpins the development of our nation's physical infrastructure, generating approximately \$15 Billion in annual revenue and employing 30,000 Australians directly and a further 80,000 indirectly.

Most of the material produced by the industry is transported via heavy vehicles (with a minor proportion transported by rail, and with some cement clinker transported by ship via ports) and in relatively short distances in urban and peri-urban areas (eg under 60km per delivery for aggregates and under 15km for pre-mixed concrete). There are about 100,000 average heavy vehicle movements in Australia per day (usually during daylight hours) relating to our industry.

In Victoria alone, our industry contributes up to 24% of total freight by weight and operates a fleet of some 1,500 concrete agitators, 600 tippers and 280 cement tankers.

Victoria's freight plan needs to accommodate all aspects of the freight task, not just rail, containers and interstate movement of freight. The transport of heavy construction materials into and around Melbourne is a very important component of the freight task and needs to be considered in developing the plan to minimise transport costs and social and environmental impacts. Transport of quarry materials is a significant cost component, generally contributing 25% to the final delivered price of materials. The closer these materials are to freight corridors and their markets, the less impact transportation has on the overall cost.

An efficient heavy construction materials logistics system will help to deliver affordable heavy construction materials that will underpin the cost-effective delivery of the State Government's significant infrastructure, housing, and renewables transition program over the next period.

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Recommendations

CCAA recommends the following areas be considered in the new Victorian Freight Plan.

1. Affordable materials contribute to affordable infrastructure.

Heavy construction materials, cement, concrete and aggregates are typically the single biggest cost component of major infrastructure projects making up an average 29% of project costs; having a larger impact on cost than labour and equipment.

2. Construction materials are a significant part of Victoria's freight task.

The heavy construction materials industry is a key player in Victoria's transport industry, with quarry materials, cement and premixed concrete together making up 24% of the Victoria freight task by weight or 10% of the tonne – kilometres travelled Victorian freight task.

3. Transport is a major part of material costs.

The high-bulk, low-value nature of the materials means that transportation costs have a significant impact on the delivered cost of heavy construction materials.

Improving transport productivity contributes significantly to delivering affordable infrastructure to support the Government's ambitious infrastructure, home building and renewable energy program.

However, the timely, cost-effective delivery of the next generation of infrastructure projects is by no means guaranteed.

4. Traffic congestion increases transport costs

Traffic congestion is costing industry. In 2015, The latest BITRE estimates indicate the congestion cost for Melbourne will more than double from \$4.6 billion in 2015 to \$10.2 billion in 2030¹. Infrastructure Victoria estimates that by 2030, congestion is expected to cost every Melbourne resident \$1,700 a year and the average road journey time is projected to increase by about 23% by 2046².

The latest VicRoads data indicates that Melbourne's traffic performance is deteriorating with congestion increasing on most key measures. Increasing congestion leads to decreased transport productivity, requiring more trucks to be on the road. This is especially true for concrete trucks as concrete is a perishable item needing to be delivered within 90 minutes of batching.

As our urban boundaries expand, existing quarry resources are exhausted and new quarries are developed further from markets, again requiring more trucks to be on the road.

5. Traffic congestion associated with major infrastructure construction.

The heavy construction materials industry is seeking to benefit with increased productivity derived from the planned infrastructure build but is also suffering in the shorter term from congestion issues whilst supplying materials to build the infrastructure. The impact on freight productivity during the construction of the next generation of infrastructure projects needs to be considered with the State Government taking the lead in delivering solutions that enable sufficient supply of aggregate, concrete and cement to satisfy the unprecedented demand.

¹ BITRE 2015, Traffic and congestion cost trends for Australian capital cities, Information Sheet 74, BITRE https://www.bitre.gov.au/publications/2015/is_074

² [Infrastructure Victoria | Transport](#)

6. Expanding economy drives increasing demand for materials.

Victoria's record population growth will drive an increased demand for materials. The latest Victoria in Future 2023³ projects show Victoria growing from 6.8 million in 2023 to 10.3 million in 2052 at an annual growth rate of on 1.7 % or 1.25 million people per year.

It takes the equivalent of 8 tonnes of rock, sand and cement per Victorian per year to support the underlying demand to build roads, houses and other infrastructure. Population growth again leads to increased traffic congestion, leading to decreased transport productivity for the industry.

7. New transport infrastructure projects are required.

New infrastructure will be critical to Victoria's growth and economic stability in the decades ahead. It will unlock productivity improvements across the supply chain, and it will help create and sustain jobs at a time when the State's traditional manufacturing industries are shedding employees.

A flowing pipeline of major works is a key issue for the industry and for Victoria's continued economic prosperity.

CCAA welcomes the May 2024 State Budget that forecasts an average of \$19.3 billion per year in infrastructure funding. Many of the planned projects will make significant steps to reduce congestion. But more needs to be done. This high level of investment strongly reinforces the need for affordable construction materials.

8. Sweating the existing assets

CCAA recognizes that making the most out of the existing assets is also an important aspect to improving transport productivity. CCAA supports the following:

- Improved Traffic Management Systems including:
 - Synchronised traffic lights

- Managed motorways
- Improved coordination between State and Local governments so that unnecessary traffic flow restrictions do not occur on local government roads
- Increased use of rail freight to reduce the total road freight task
- Extend existing clearways & introduce 24/7 clearways on major arterial roads
- Extend operating hours of key quarries and concrete batch plants to allow efficient supply of materials to major infrastructure projects.

9. Proposed Principles for Heavy Vehicle Charging & Investment

CCAA recognises that the road freight industry is a significant user of the road network and accepts that as such the industry should pay a fair, but not disproportionate, contribution to service the road network.

Any reform package must however, take into account the vital role the road freight industry plays in building our economy and communities. Disproportionate charging will result in downstream impacts on goods and services.

More specifically, heavy construction materials are an essential component in the infrastructure delivery chain, increased road user charges will impact directly on the industries' ability to deliver affordable construction materials for infrastructure projects.

In general, CCAA supports road pricing reform that facilitates an efficient road network, is not overly burdensome for industry and effectively accounts for on road and off-road usage.

CCAA supports the linking of road user charges to road expenditure, requiring revenue recovered through road users be earmarked for investment back into the road network, provided that:

- There is a clear and transparent link between funds raised and investments made based on clear priorities.

³ [Victoria in Future \(planning.vic.gov.au\)](https://planning.vic.gov.au)

- It should not be simply a revenue-raising exercise for Government and not result in "double dipping" or cross subsidisation.

CCAA supports the Mass-Distance-Location model for heavy vehicles provided that:

- the system on which the model is based can accurately account for the mass, distance and location of heavy vehicles;
- it does not result in undue administrative burden for the heavy vehicle sector; and concerns regarding storage and protection of commercially sensitive data are addressed effectively.

Road charging reforms for the heavy vehicle sector must be accompanied with or followed by similar reforms for light vehicles.

10. Heavy Vehicle Access

CCAA strongly supports improved heavy vehicle access, including the promotion of strategic road freight routes for higher productivity vehicles and options for addressing first and last mile issues.

Greater engagement and consistency across Local Government boundaries is a key barrier for our industry. More work needs to be done with Local Government and industry to identify and resolve first and last mile access issues. CCAA believes that Local Government heavy vehicle access systems need to be streamlined to provide consistency and ensure that heavy vehicle access is not impeded.

Our members are strong supporters of the continuation of Performance Based Standards (PBS) and their consistent implementation across Victoria. There should also be a consistent approach for Higher Mass Limits, and that vehicles should be regulated on their performance, rather than length and mass. The industry asserts that increased mass limits for truck and dog trailer combinations provides strong productivity gains, increased capacity, as well as reducing congestion on the network.

Also increasing mass and dimension would open the adoption of zero emission vehicles which are currently heavily restricted in terms of last mile access.

Night-time freight should be a focus to use the roads when they are less congested. More support and flexibility on 24-hour operating approval should be considered to enable this as was done to support the flood recovery and repair roads.

11. Urban Encroachment and Planning

With Victoria undergoing a period of unprecedented population growth, particularly in metropolitan areas, integrated transport and land-use planning is imperative.

CCAA supports the work of Resources Victoria (DEECA) Extractive Resources Strategy⁴ to implement the concept of Strategic Extractive Resource Areas (SERAs), including relevant transport corridors, in key local government areas. With two pilot SERAs successfully implemented in Wyndham and South Gippsland, the government's Strategic Extractive Resources Roadmap clearly outlines a further 10 SERAs and strengthened Extractive Industry Interest Areas (EIAs). The new freight plan must ensure efficient freight connection to market for these to reduce costs and environmental impacts.

12. Diverting freight from road to rail

CCAA supports efforts to divert freight from road onto the rail system, reducing the number of trucks on the road. To achieve such an aim, significant improvements in the rail capabilities would need to be achieved together with incentives to encourage rail use such as the Mode Shift Incentive Scheme. There is potential for increased use of rail for the transport of heavy construction materials as distance from quarry source to market increases over time, but the barriers to entry need to be reduced.

⁴ <https://resources.vic.gov.au/projects/extractive-resources-strategy/resource-and-land-use-planning>

Rail needs to link to the Industrial zones; currently it mostly links to residential / retail. Consideration should be given to funding or grants to support industry / private investment into establishing rail loading/unloading facilities to bring raw materials from further afield into Melbourne.

The supply chain requires consistency of supply to ensure a smooth operation. If the rail network was improved with greater options, greater flexibility, price competitive with the ability to provide a consistent service, rail will be perceived as a viable alternative option to road.

13. Support for the ongoing decarbonisation of freight

CCAA members remain committed to decarbonising our supply chain and would encourage to freight plan to ensure alignment and identification of the following issues:

- support the roll-out of recharging and refuelling infrastructure (particularly in regional areas)
- ensure the mass disadvantage of transitioning to heavier BEVs is removed and converted into an incentive via PBS adjustments.
- remove regulatory barriers to support Euro VI standards to ensure Australia has access to the fuel-efficient engines being supplied in other markets.
- look to improving appropriate financing mechanisms to address up-front costs to transition vehicles.
- recognise that heavier loads (mostly our materials) may not be able to be as quickly transitioned. BEVs may be limited to shorter distances with lighter payloads until battery technology and charging infrastructure improves.
- ensure a potential cost of heavier vehicles via road damage is not borne by the heavy vehicle industry via road user charging.

Response to Key Questions for Consultation

1. What are the three most important issues impacting your business that Government can help you respond to?

- Restricted access for high productivity vehicles in many areas where construction projects are located (PBS level 2 with HML 73.0t) and in Fishermans Bend and where associated traffic congestion impacting productivity and efficiency.
- Heavy vehicle driver shortage. Aging workforce and lack of availability of HC/MC drivers. Training and education subsidies for the transport industry would assist.
- Increasing higher mass and EV Permitting last mile access

2. What do you think are the most important new directions or actions that Government can include in the updated plan to address those issues?

Developing future transport networks and land use planning and infrastructure investment to ensure consideration and prioritisation of freight networks.

Provide training and incentives for people to enter a career in heavy vehicle driving.

Investigate how to more accurately calculate infrastructure capacity to reduce overconservative evaluations that limit access.

Provide incentives for businesses that are supplying Vic big build projects to improve access, operating hours and training.

Upgrade the current road network onto and off Lorimer St and Todd Rd (National Freight Network) in and out of Fishermans Bend and safeguard against further access restrictions for the precinct.

3. What technology or innovations could provide the greatest benefit to meeting the challenges identified for the Victorian freight system and what can government do to help with their adoption?

Expansion of the CCAA and Transport Certification Australia Telematics Data Sharing

Agreement, to collect telematics data to provide the evidence required to build business cases for infrastructure upgrades, transport planning and bridge assessments, to improve the freight task for heavy vehicles supplying construction materials.

Open On Board Mass (OBM) monitoring to allow expansion of the higher mass network to increase capacity, productivity and safety through the reduction of current truck to tonne requirements.

Ensure 100% of >5 tonne vehicles on the road have a requirement for cameras and telematics for safety monitoring and driver fatigue management.

4. Where should freight network investment be prioritised to deliver government action which can respond to the challenges identified? Where should freight network investment be prioritised to deliver government action which can respond to the challenges identified?

Targeted use of technology and data to make informed changes to improve efficiency of the freight network. The freight task will only increase with time and population growth; and the freight network must improve proportionately to maintain current efficiencies, let alone improve our position. This needs to be a priority for Government.

Training and education to get more drivers into the workforce with more flexible licencing schemes.

Incentives for On Board Mass (OBM) applications.

5. How have freight volumes changed in your supply chain since 2018 and what is the outlook for growth?

Volumes of heavy construction materials have increased exponentially since 2018 with continued growth forecast for the next 5-7yrs in support of Vic Big Build Projects as well as private and domestic housing construction works and the renewable energy transition.

Construction material freight volumes remain volatile and seasonal in most key markets with a more recent downturn earlier this year. However, this is now showing signs of recovery and the outlook for longer term growth remains very strong.

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7. What is your business doing to prepare for this growth and what Government actions could support this?

Our member company businesses ensure they remain prepared for changes in market conditions and align this to the freight task with a fleet structure that provides appropriate flexibility to move with changing demand.

Some adaptations include applying for additional HML permits, implementing PBS vehicles for increased payloads and adopting Electric Vehicle technology to support emission reduction targets.

8. What can government do to support industry to respond to supply chain disruption?

The Government demonstrated a sensible response to supply chain disruption in how it responded to the pandemic with the recognition of freight as an essential service. However, this now needs to continue in the face of higher inflation, driver shortages, congestion and growing demand.

The government needs to provide incentives for training and education to increase the workforce of drivers in Victoria and to transition them rapidly through cumbersome, time-based licencing schemes.

A focus on a federal immigration policy that supports bringing in skilled heavy vehicle drivers would strengthen supply of drivers.

9. How can the existing model of collaboration developed to support the Voluntary Code of Practice be built upon or applied to other areas?

While the Voluntary Code was developed and implemented to support the management of disruptions to port related supply chains, the adoption of a similar Code could support the Construction Materials Supply Chain. This could be assisted through engagement and collaboration with the CCAA who would represent the industry players.

10. How can government facilitate greater sharing and visibility/use of information across supply chains?

Through the engagement and ongoing collaboration of industry bodies that represent the different supply chains to form an Advisory Board to oversight the implementation and delivery of the freight plan.

Through the collection of telematics data (as demonstrated by the voluntary CCAA / TCA agreement) to create greater visibility of the use of the freight network and where productivity and access improvements can be made. Improve the integration of this data to inform PFN and integrated transport land use planning.

11. Are there areas in which you are experiencing, or are expecting to experience skill shortages, or skills gaps related to new and emerging technologies?

There is a current acute shortage of heavy vehicle drivers, and this skill shortage is expected to continue. With the adoption of In Vehicle Management Systems (IVMS), Telematics, Electronic Work Diaries and Electronic Weighbridges (unmanned), the driver shortage has now extended to include skill gaps related to new and emerging technologies.

Ongoing driver shortages are further exacerbated by high turnover and lack of experience.

12. What role can the Government play to help the industry to address skill shortages?

Provide industry-based incentives and training to attract truck drivers to our industry.

Immigration incentives combined with training programs for HC/MC licencing.

Tax incentives for drivers in construction industry.

13. What are the key day-to-day challenges you experience caused by inconsistencies in rules and regulations between jurisdictions?

Our freight networks for concrete and extractive materials are mostly intrastate based and rarely cross state or territory borders. While there can be minor inconsistencies when it comes to enforcement between state regulators (Police) and NHVR e.g. interpretation of work diary requirements; our industry is exposed to limited inconsistencies in rules and regulations between jurisdictions.

There are some issues relating to curfews and hurdles between differing departmental government/council jurisdictions to HML permits regarding last mile access.

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15. What forms of harmonisation could provide the greatest benefits to your supply chain?

Given much of our construction materials supply chain is intrastate, harmonisation is unlikely to provide any material benefit to our business freight networks.

However, alignment of approaches to other jurisdictions around licensing, telematics, PBS, technology transition, decarbonisation etc. are always beneficial given freight knows no borders.

Linking the freight plan (source to project) to State and National Infrastructure plans would be valuable with priority linked to the delivery of these government projects.

16. How does the availability, usability and price of industrial land in Melbourne and other parts of Victoria compare with other Australian cities and states?

This has limited impact given our road trucks are housed at quarry sites and not traditional freight terminals or warehouses. This is also the case for concrete agitators at concrete plants and cement tankers.

17. How is land use planning impacting on your supply chain?

Port congestion around south wharf and Appleton dock is creating significant encroachment of urban planning activities in industrial precincts such as Fishermans Bend and must be proactively managed to protect critical supply of imported cement into the state.

Integration of Strategic Extractive Resource Areas (SERAs) and Extractive Industry Interest Areas (EIAs) with reliable and efficient freight network planning is essential to ensuring the cost of materials is minimised and access improved to support infrastructure, housing and the renewable energy transition.

18. What overall priorities should government focus on measuring?

Understanding the current and future demand for the freight task and developing a Freight Plan that promotes efficiency and productivity for operators.

Increased route permitting for Heavy Vehicles.
Increased use of EV technology in transportation.

19. What measures could government use to determine performance against each of the priorities?

The Government should adopt meaningful KPI's to measure their performance against critical targets. These targets should include, but not be limited to, number of truck movements in a set period (monthly), the average payload for those truck movements, utilisation (loaded km's as a % of total km's travelled) and emissions.

The Government should also have a mechanism to understand the current and forecast levels of driver/skill shortages, with a view to having a target of minimum Government sponsored new entrants, including industry placement post training and retention rates.

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