



# AUSTRALIAN LOGISTICS COUNCIL

## ALC Member Briefing

### 2015-2016 Victorian Budget

The [Victorian Budget](#) was brought down on Tuesday 5 May 2015.

The [budget](#) has a smaller infrastructure pipeline – \$22 billion worth – than the Napthine Government's budget.

Investment has focussed on public transport, which received a funding increase of 41 per cent increase over 2014-15. As a proportion of the Budget's total new asset investment, public transport is receiving 37 per cent more than in 2014-15.

In particular, the Budget commits \$9–\$11 billion to deliver the Melbourne Metro Rail Project, including \$1.5 billion over four years to complete the planning, design and early works of the project and to commence major construction by 2018.

It also commits \$5–\$6 billion, including \$2–\$2.4 billion over four years, to implement the Labor Government's commitments to remove 50 of the most dangerous and congested level crossings over eight years.

The Level Crossing Removal Authority will deliver the project, prioritising and coordinating each removal and identifying opportunities for 'value capture' development in surrounding areas.

A significant proportion of the funding is hoped to be achieved through the long term leasing of the Port of Melbourne. The Government hopes that enabling legislation will be passed through the Spring Session of Parliament this year.

It will be interesting to see how the Government's infrastructure priorities will change if the Government fails to gain prompt passage of relevant legislation through a hostile Legislative Council, or if the Federal Government declines to provide the Victorian Government an outstanding \$1.5bn notionally allocated for the now abandoned East-West Link.

(The Treasury has indicated that \$7 billion for the East West Link is "now available to fund other more critical priorities".)

#### **Roads**

The Government reaffirmed its commitment to the "CityLink–Tulla" widening project, which is said to be 'fully self-funded' (in part through an increase in access charging rights) by Transurban.

The Budget papers suggest that when combined with the widening of the Tullamarine Freeway to Melbourne Airport, which is partly funded by the State and Commonwealth

governments, the total cost of the project is around \$1.3 billion. Construction on the project will commence in 2015 and be completed in 2018.

The Budget Papers also confirm the Government received a second market-led proposal from Transurban to provide for expanded capacity on the West Gate Freeway and a new connection from the West Gate Freeway to CityLink via a new Maribyrnong River crossing.

The proposal has passed through the first two stages of assessment, with the Budget Papers suggesting that should the stage three assessment recommend proceeding further with the proposal, the Government would then commence either direct negotiations with Transurban or a competitive approach to project procurement.

Budget funded road projects announced include:

- \$272.8 million towards a project to widen CityLink and the Tullamarine Freeway, from the Burnley Tunnel to the Melbourne Airport. A Freeway Management System will also be introduced along the corridor;
- \$110 million to duplicate the Chandler Highway Bridge over the Yarra River;
- \$150 million to undertake the next stage of the M80 Upgrade, to widen the road and install traffic management equipment from Sunshine Avenue to the EJ Whitten Bridge;
- \$40 million on the West Gate Distributor, including the widening Whitehall Street, upgrading the connection to Footscray Road and strengthening and widening the Shepherd Bridge over the Maribyrnong River;
- \$86.7 million to resurface unsafe, deteriorating road surfaces around the state;
- \$90 million will be invested in smaller initiatives including intelligent transport system technology and upgrades to congested chokepoints in suburban and regional areas; and
- \$76 million for projects that strengthen bridges on key freight corridors to allow heavier loads, increasing productivity, helping reduce supply chain costs and getting perishable stock to market faster.

## ***Rail***

As well as the Melbourne Metro project, the Budget proposes an upgrade of the Cranbourne-Pakenham rail line.

'Up to' \$220m will also be provided for the Murray Basin Rail Project once its business case has been finalised, which the Budget Papers expect will occur 'in coming months'

It is suggested the project will standardise rail freight services, increasing efficiency and improving access to ports so our export industries can stay competitive and our farmers, producers, families and communities get the support they need.

The Budget does not include information on the [Port-Rail-Shuttle](#) which was allocated \$58 million in the previous budget under the former Government. ALC will raise this issue with the Victorian Government.

## **Ports**

Over \$224m is anticipated to be spent on the Port of Melbourne port capacity expansion project, whilst an additional \$12m will be spent on wharf rehabilitation.

The Budget Papers note that due to the proposed leasing of the Port, the Budget does not consider any Port of Melbourne Corporation financial data beyond 2015-16.

The Victorian Regional Channels Authority is also anticipated to spend \$9m on upgrading the shipping lanes in Corio Bay.

However, most importantly, no money has been allocated for projects relating to the development of the Port of Hastings. The new Government's commitment to this project will be something to watch.

## **Regional**

The Regional Jobs and Infrastructure Fund was announced to support regional development in Victoria. One project to be supported by the fund is the Ararat Freight and Logistics feasibility study to investigate the potential of locating a major freight logistics hub in the area.

## **Australian Logistics Council**

**May 2015**