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The Courier

Information and Advice for NSW Transport Operators

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Latest GDP Figures Point to a Slowing Economy

The Quarterly National Accounts, which measure movements in Gross Domestic Product and other indicators of the Australian economy for the December 2018 quarter and which were released by the Australian Bureau of Statistics on 6 March point to a slowing in the Australian economy.

After two strong quarters of economic growth in the first half of 2018, growth of only 0.2 per cent was experienced in the September 2018 quarter, followed by a growth rate of 0.2 per cent in the December 2018 quarter.

Annual economic growth for the year ending 31 December, 2018 was 2.3 per cent, the lowest rate of economic growth in the Australian economy since the year ending 30 June 2017. Further decline in annual economic growth is almost certain given the sluggish growth rate since 1 July last year.

The main contributor to growth was government expenditure, up 1.8 per cent in the December quarter and 5.6 per cent in the year ending 31 December. Because growth in government expenditure contributed 0.3 percentage points in the December quarter, the private sector contributed -0.1 per cent to economic growth in the quarter. Inventories contributed 0.2 per cent to economic growth, there was no contribution from imports and a weaker export performance contributed -0.1 per cent to economic growth.

This shows that on an aggregate basis the contributors to the non-traded or domestic sectors of the economy such as construction, manufacturing and the services sectors including transport and logistics, collectively experienced negative economic growth during the December quarter. This is evident in the economic indicators tracked regularly in *The Courier*, including this issue.

For some time, they have shown a decline in residential construction and motor vehicle sales while the rate of growth in retail sales continues on a downward trend, although it remains above CPI growth. Widespread drought conditions led to a significant downturn in the agricultural sector.

Editorial Comment: Economic Outlook

Consumer Confidence,

Consumer sentiment, or confidence, can contribute positively or negatively to consumer spending, which in turn is a significant contributor to economic growth. Sharp falls in house prices, especially in Sydney and Melbourne, along with persistently high energy costs, are likely to dampen consumer confidence and spending.

The National Accounts figures show that for some time now that the rate of growth in consumer spending has exceeded wages growth, which means consumers have been relying on negative levels of savings growth. Savings growth ticked upwards in the December quarter which suggests that consumers may be more prepared to tighten their belts, thus also adversely affecting retail spending. Any downturn in retail spending is more likely in traditional bricks and mortar stores and in discretionary areas of spending such as clothing and electrical goods, as opposed to food.

Wages and the Labour Market

As previously reported, wages growth has bottomed out across the private sector at just under 2 per cent per annum and is increasing, albeit very slowly. Analysis by ARTIO of wages outcomes from enterprise agreements in the industry also shows signs of a pick-up in the rate of wages growth.

Wages growth in the economy more broadly reflects strong growth in the labour market and low unemployment. There can be expected to be some easing in employment in sectors such as housing and construction as the decline in new approvals works itself through, however, there is a long pipeline of public infrastructure spending which will cushion any loss of jobs.

Inflation and Interest Rates

A slowing economy can be expected to dampen pressure to increase prices and therefore contribute to continuing low rates of inflation as measured by the Consumer Price Index.

Lower rates of economic growth of the sort recorded in the second half of 2018 also increase the likelihood of an interest rate cut. The Reserve Bank of Australia has kept interest rates on hold for the past 2 and a half years. Market economists are increasingly confident that the RBA will cut interest rates by 0.25 per cent in the near future in order to stimulate private sector investment and consumer spending. There is increasing talk of a second interest rate cut later in 2019, however, whether that occurs remains to be seen as an official interest rate of 1 per cent would give the RBA little room to move if further economic stimulus is necessary.

Can Governments Provide Further Economic Stimulus?

Both the Federal Government and, in particular, the NSW Government are in a financially sound position. This means both governments are in a position to provide tax relief (especially the Federal government given its much broader tax raising powers) as well as boost spending, for example, through on capital works or through direct subsidies to businesses or households.

The political cycle and the economic cycle both federally and in NSW may coincide in a way which sees both major parties being more generous to the electorate on the basis that the case for economic stimulus is stronger.

What is the Impact on Road Transport Operators of an Economic Downturn?

There is no simple answer to this question because as is the case at any time in the economic cycle while the economy may be slowing as a whole some parts of it will continue to do well while others will be badly affected. Some regions will also fare better than others due to their economic base. The difference in the current environment is that more sectors of the economy will be adversely affected through lower growth rates, sharper downturns or deferred investment. Furthermore, when change in evident at the whole of economy level, the likelihood of some sort of impact at the industry, regional or customer level is likely to increase because every business is linked to and dependent on other businesses.

Heavy Vehicle Fatalities Fall

The Bureau of Transport, Industry and Resource Economics has reported a significant decline in heavy vehicle truck fatalities in the year ending 31 December compared to the corresponding period in 2017.

According to the BITRE, 154 people died from 136 fatal crashes involving heavy trucks. These included 89 deaths from 78 crashes involving articulated trucks, 74 deaths from 65 crashes involving heavy rigid trucks and 9 deaths from 7 crashes involving both a heavy rigid truck and an articulated truck.

The BITRE said fatal crashes involving heavy trucks fell by 20.5 per cent compared with the corresponding period one year earlier and decreased by an average of 6.1 per cent per year over the three years to December 2018.

Fatal crashes involving articulated trucks: decreased by 15.2 per cent in 2018 compared to 2017 and decreased by an average of 7.8 per cent per year over the three years to December 2018.

Fatal crashes involving heavy rigid trucks: decreased by 26.1 per cent in 2018 compared to 2017 and by an average of 1.5 per cent per year over the three years to December 2018.

New NHVR Platform Allows Greater Access to Permits Data

The NHVR has advised that a new interactive platform will allow transport operators and road managers greater access to the latest data for heavy vehicle permits.

NHVR Network Access Manager, Roger Garcia, said the NHVR's updated heat maps provide an overview of heavy vehicle access consent requests that road managers receive and the average time it takes to respond to applications,

The new interactive reports show Road Manager Consent Performance, including the number of heavy vehicle consents and the number of days to respond as well as Road Manager Overdue Consent Performance, including the number of consent requests that were overdue at the end of each quarter.

Operators can access the heat maps at www.nhvr.gov.au/road-access/local-government-road-managers/heat-map-reports.

NHVR Seeks Feedback on PBS Tyre Reform

Adapted from media release, National Heavy Vehicle Regulator, 8 March, 2019

NHVR Chief Engineer Les Brusza has released the "Review of Tyre Management Practices in the Australian PBS System" by John de Pont for industry feedback.

Mr Brusza said the NHVR wanted to take a best-practice approach to the management of tyres on the PBS fleet.

He said that currently two assessors assessing the same vehicle with the same tyres using the same software can get different results for some PBS standards if they obtain their tyre data from different sources.

"This is another step towards a consistent approach between manufacturers and giving heavy vehicle operators and manufacturers certainty in how we measure tyre performance." Mr Brusza said.

Mr de Pont's discussion paper explores four possible options including:

- Establish a centralised database of tyre data.
- Specify one set of generic tyres for all assessments.
- Non-hierarchical classification system.
- Hierarchical classification system.

Mr de Pont said this discussion paper provides a broad overview of the state of knowledge of how tyres behave and what the key tyre characteristics are in relation to the performance measures in the PBS scheme, including discussion of inflation pressure, vertical stiffness, lateral force, aligning moment and relaxation length."

Further information is available from www.nhvr.gov.au/consultation/2019/03/28/review-of-tyre-management-practice-in-the-australian-pbs-system.

The NHVR has said feedback should be provided to Mr de Pont at j.depont@ternz.co.nz.

Road Works, Intersection, Pacific Highway, Mona Vale Road and Ryde Road

RMS has advised that two ramps will be closed for up to three night shifts from 8pm to 5am between Sunday 10 March and Monday 18 March at the intersection of the Pacific Hwy at Mona Vale Rd and Ryde Rd, weather permitting. Affected ramps are the eastbound from the Pacific Hwy to Mona Vale Rd and the westbound from Mona Vale Rd to the Pacific Hwy.

Detours will be in place. Please refer to electronic messaging signs in the area for the latest information.

Road Works, Gore Hill Freeway

RMS has advised that detours will be in place during work on the eastbound on ramp of the Gore Hill Freeway, Artarmon for six night shifts, 9pm to 5am, between 11 March and 18 April.

The detour will require travel via Pacific Highway, Campbell Street and Reserve Road.

Road Works Update

The following new road work alerts may impact your operations. Please refer to earlier editions of *The Courier* for other current road works.

Suburb/Town	Road	Date/s	Work Times
Holdsworthy-Voyager Pt	Heathcote Rd from Infantry Pde to The Avenue	From 21/2/19	7am-6pm Mon-Fri 8am-1pm Sat

ARTIO NSW Events: Women in Transport Breakfast Briefing, 27 March 2019

ARTIO NSW's next Breakfast Briefing will be held on Wednesday, 27 March with guest speaker, Leanne Peterson, General Manager, Americold Australia Pty Ltd.

Ms Peterson intends drawing on her experience as a senior executive in the transport and logistics sector and will provide an outline of the issues and opportunities related to women's career development which require consideration by owners, senior managers and other decision makers in the industry.

Further information is available from the ARTIO NSW Secretary/Treasurer, tel: 0412 880861 or email, hughmc@artionsw.com.au.

Economic and Industry Indicators

Indicator/Source ¹	As at	Unit of Measure	Quantity	Annual % Variation
GDP latest quarter (ABS)	Dec Qtr 2018	\$m	462,031	2.3
CPI (ABS)	Dec Qtr 2018	Per cent		1.8

¹ ABS – Australian Bureau of Statistics; RBA – Reserve Bank of Australia; AIP – Australian Institute of Petroleum; FCAI – Federated Chamber of Automotive Industries; TIC – Truck Industry Council/'Prime Mover' latest issue.

Cash rate (RBA)	Current	Per cent	1.5	
Estimated residential population (ABS)	8 Mar 2019	Million	25,282	1.9
Retail turnover (ABS)	Jan 2019	\$m	27,067	2.8
Actual new capital expenditure (ABS)	Dec Qtr 2018	\$m	29,965	1.2
Inventories held by private business (ABS)	Dec 2018	\$m	161,513	1.2
Dwelling unit approvals (ABS)	Jan 2019	Number	14,316	-27.0
Manufacturers Income (ABS)	Dec 2018	\$m	82,925	-1.7
TEUs Port Botany (NSW Ports)	7 months to Jan 2019	Number	1,608,860	2.8
Employed persons (ABS)	Jan 2019	Million	12.747	2.4
Unemployment rate(ABS)	Jan 2019	Per cent	5.1	-0.4
Wage price Index (ABS)	Sep Qtr 2018	Per cent		
All employees				2.3
Transport, postal and warehousing				2.5
New motor vehicle sales (FCAI)	Feb 2019	Number	87,102	-9.3
Cab Chassis/Prime Mover Sales (TIC)	1 month ending Jan 2019	Number	1,800	-2.0
Vans (TIC)	1 month ending Jan 2019	Number	398	1.8
AIP Terminal Gate Price-Diesel-Sydney	8 Mar 2019	Cents/litre incl. GST	136.5	10.1

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