

Achieving Excellence in the Supply Chain

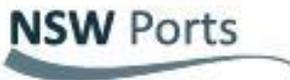
Simon Morgan
Director – Government & Communications
Australian Logistics Council

Presentation to Foodservice Today & Tomorrow
12 September 2017



The Australian Logistics Council

Corporate members





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SUPPLY CHAIN EFFICIENCY AND SAFETY

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The National Freight and Supply Chain Strategy

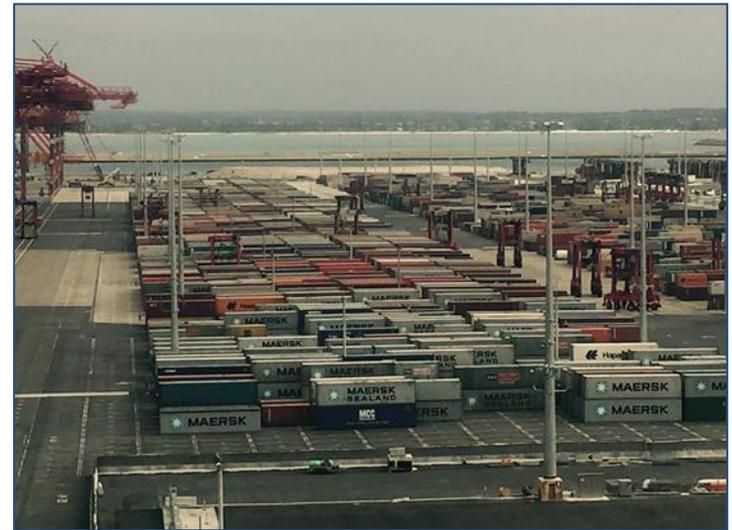


- ALC's top priority before the 2016 election campaign was the completion of a **National Freight and Supply Chain Strategy**.
- This strategy has also been recommended by **Infrastructure Australia**.
- **Prime Minister Malcolm Turnbull** announced such a Strategy would be developed in November 2016. Work is now underway.



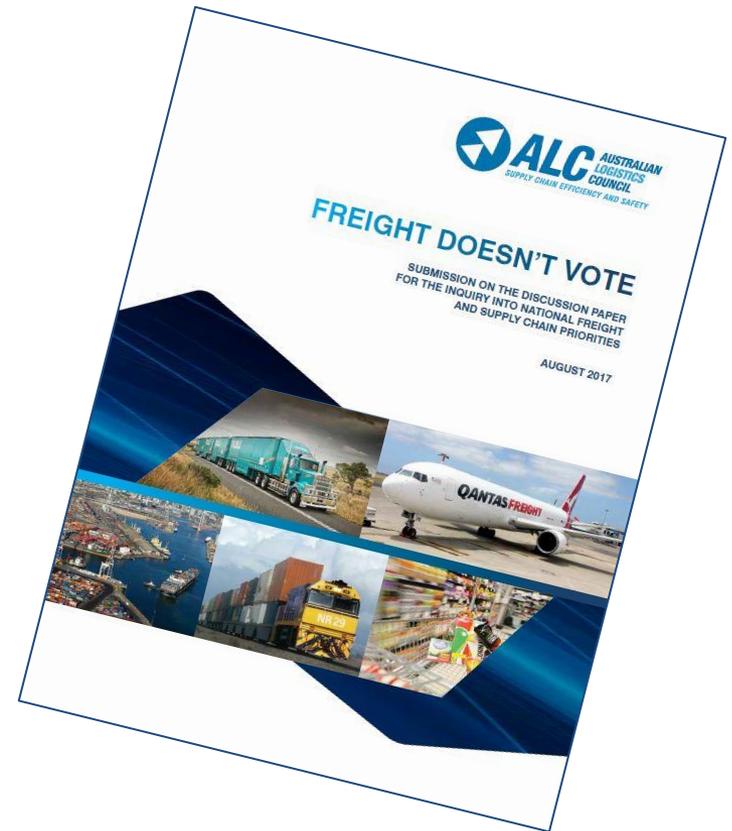
The Australian Logistics Industry

- Adds more than **\$130 billion** to the Australian economy each year.
- This represents **8.6% of Australia's GDP.**
- Employs **1.2 million** Australians.
- Every **1% efficiency improvement** boosts GDP by **\$2 billion.**



Freight Doesn't Vote

- Last month, **ALC released its final submission** to the Inquiry that is helping to shape the Strategy.
- Our submission's content was informed by **extensive and in-depth industry consultations**.
- Submission makes **41 key recommendations**.

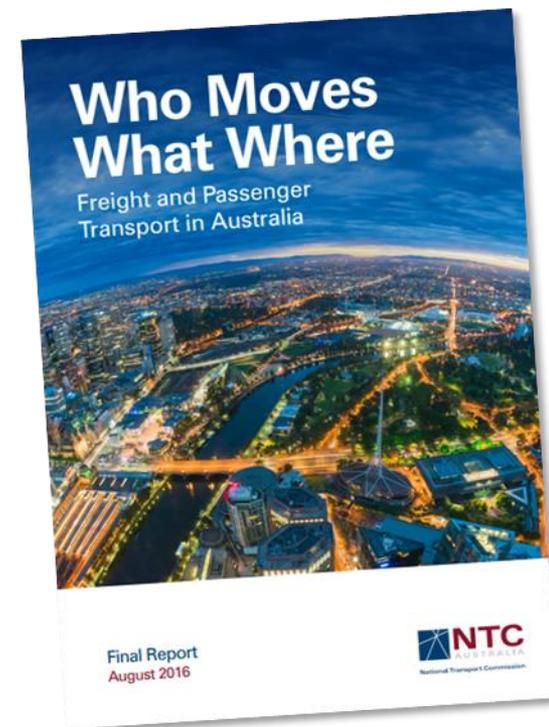


Core Objectives for the Strategy

- ✓ Provide an **integrated and efficient freight transport and supply chain network** for Australia's international and domestic supply chains;
- ✓ Ensure policy settings and regulation are **competitively neutral between the different freight transport modes**;
- ✓ Allow freight operators to **innovate and increase the productivity of the freight logistics services** they provide; and
- ✓ Contribute to **continuous improvement in the safety of all freight logistics operations**, as well as improved societal and environmental outcomes.

Challenges to overcome

- ✓ **Increasing urbanisation** producing traffic congestion.
- ✓ Freight movement **inadequately prioritised** in planning regimes.
- ✓ **Congestion is not just an inconvenience, but a cost.** Already costing \$16 billion per year – and rising.
- ✓ Ultimately, this feeds into the **prices paid for goods by businesses, and consumers.**



Our economy is national

- ✓ Freight does not stop at state borders.
- ✓ The regulatory structures that govern freight movement must be **nationally consistent**.
- ✓ Federal Government can play a greater role in planning, by **incentivising good practices** and encouraging the removal of restrictive measures, such as curfews.
- ✓ Ultimately, this feeds into the **prices paid for goods by businesses, and consumers**.



CBD Freight Delivery

- ✓ Road space in CBD areas is at a premium
- ✓ Numerous examples of large scale sites being developed with **inadequate freight delivery facilities**.
- ✓ Lack of consultation over the positioning (or removal) of **CBD loading zones**.
- ✓ Need to consider forms of **freight-only infrastructure**, as well as **reverse curfews**.



Barriers to uptake of technology

- Continuing industry perception that the cost outweighs the benefit.
- Lack of bespoke IT systems and non-standard data formats - and a lack of collaborative mindset.
- Smaller companies often lack the resources and capacity to implement new approaches.



Industry's objectives for technology

- **Enabling** improved freight and supply chain performance and safety outcomes;
- **Ensuring** consistency and/ or interoperability between infrastructure networks;
- **Avoiding** duplication of technology requirements, including hardware and software; and
- **Reducing** operational costs



The Coming Changes to Chain of Responsibility (CoR) under the HVNL

- Will impose a primary duty of care on **all supply chain participants** to ensure, as far as reasonably practicable, the safety of a 'road transport operation'.
- **Executive officers to have primary duties regime applied** to them with the imposition of a positive due diligence obligation.
- **The legislation is expected to commence mid-2018.**



If a company/organisation...

- ✓ operates a heavy vehicle;
- ✓ loads a heavy vehicle;
- ✓ drives a heavy vehicle; or
- ✓ sends or receives goods on a heavy vehicle and can influence how deliveries are made

It will have the same responsibilities to ensure that the Chain of Responsibility under the HVNL is not breached.

This reinforces the need to have **documented road transport practices and board reporting mechanisms to oversee compliance.**



Registered Industry Master Code



ALC is working with the ATA to develop a registered industry **Master Code**, to provide practical guidance in complying with CoR requirements.

Demonstrating compliance with such codes could be used as evidence that reasonable steps have been taken to ensure the discharge of safety obligations under CoR.



The Master Code

- ✓ Will help provide **certainty for the industry** and promote higher standards when it comes to heavy vehicle safety – **which is in the interests of all road users.**
- ✓ Will help meet and manage the common risks faced by all heavy vehicle operators, **and help reduce red-tape and compliance costs.**
- ✓ Establishing a Master Code is a **practical way to help all responsible parties manage safety risks.**



The National Freight and Supply Chain Strategy - The Next Steps...



- ✓ The Federal Government is expected to release a **draft report in December 2017**.
- ✓ Final report is expected in **March 2018**.
- ✓ We anticipate the release of the final **National Freight and Supply Chain Strategy** prior to the next Federal Budget in **May 2018**.



What Does All This Mean For Your Business?

- ✓ **Focus on visibility** – sharing accurate and timely data about movement of goods and processes/events is will be critical to achieving greater efficiency.
- ✓ **Manufacturers, distributors and retailers** need to embrace a ‘single source of truth’ model that will reduce errors, inefficiencies.
- ✓ **The resulting cost reductions** will permit greater resources allocation to meeting the expectations of increasingly demanding consumers.



What Does All This Mean For Your Business?

- ✓ **More discerning/demanding customers** will continue to impose challenges – especially younger customers. Claims made in marketing must ‘stack up’ with lived experience. Consumers expect more information than ever before.
- ✓ This means retailers need to **partner with manufacturers that align with the attributes they market** – especially around environmental/social responsibility outcomes.
- ✓ **Safety in the supply chain will increasingly become a reputational issue.** Need to make sure not only that you understand things like CoR – but your contractors do as well.

