



March 2018

## Woolworths submission to NSW Draft Freight and Ports Plan

*"A plan for moving goods in an efficient, safe and environmentally sustainable manner, providing successful outcomes for communities and industry"*

Woolworths is a major participant in a number of NSW Supply Chains operating through the port of NSW for imported volume and with significant road transport delivering from Distribution Centres to over 300 Supermarkets and several hundred more Liquor, General Merchandise and Fuel outlets in NSW. Woolworths is also a substantial mover of interstate linehaul freight on both road and rail to and from facilities in NSW, and moving through NSW on corridors linking other Eastern States.

Woolworths is supportive of the plan put forward by the NSW Government to guide investment and development of this State significant function that underpins the productivity and efficiency for NSW to compete on an increasingly global stage. It is encouraging that Transport for NSW has sought to link the Freight and Ports Plan to the overall Future Transport 2056 initiative, recognising the important role played by freight, but also its highly connected nature, relative to the broader Transport task and the shared and integrated infrastructure on which freight operates.

In considering the macro trends impacting freight and the context of the strategy, Woolworths would like to add weight and the retail perspective to what it sees as the key impacts and the changing demands on the retail freight task:

- **Increasing population density** across parts of Sydney including the CBD. This is leading to more smaller footprint stores which service these denser population groups who often rely more on public transport. Generally deliveries to these locations are more restricted and require smaller vehicles. This trend of increasing population density and smaller stores is expected to continue.
- **Changing consumer behaviour** favouring convenience is impacting when and how people shop. In general there is a trend to more regular smaller shops at more convenient locations such as those near employment or transport clusters. Secondly is the increasing use of online to have goods delivered to homes or work. For Supermarket goods the online shop is often the larger and bulkier shop, supported by smaller 'top ups' from physical locations.
- **Increasing sensitivity to time of day delivery** for certain freight types. The flow on from smaller stores and changing shopping patterns in increasing the sensitivity around when vehicles need to be on the road in the morning peak times, enabling short shelf life lines into stores in the morning and meeting more specific online delivery windows.
- **Technology disruption** is expected to continue impacting the retail supply chain through improved awareness, advanced planning and tracking. Across all parts of the retail business the expectation is that this improved visibility continues to lift consumer expectations on product availability and delivery timeliness.

Woolworths generally agrees with the other key trends listed in the strategy, but wanted to emphasise the main impacts to the retail supply chain.

In considering the plan itself and the six areas defined for the strategy this submission shall provide comment on key points within each that impact retail supply chain; either as comment or to add emphasis to the existing position.

## **1. Strengthen freight industry and Government partnerships**

- Partnering is a critical element within the overall strategy and is essential to make progress and understand drivers between Government, Industry and the Community. Within the retail Supply Chain many parties are engaged:
  - from farmers and manufacturers (international and domestic)
  - regional and metropolitan road freight operators
  - logistics operators of rail, ports, shipping and distribution centres
  - stores and direct to customer delivery operations
  - Including the end consumer, be that in store or direct through online

This complicated mix provides an end to end perspective for the retailer to understand the challenges through the chain and Woolworths will seek to partner with Government at all levels to improve efficiency, and address the challenges of the changing and evolving retail freight task.

- Improving the interface with councils is important to effect change in the 'last mile' or indeed the 'last metres' when considering dock to store or street to store unloading. Local regulations can have a large impact in the efficient network wide operation of a retail supply chain through curfews and other delivery restrictions they set and how they plan for freight to operate on local roads.
- Integrating planning and transport decisions is critical to ensure that planning and land use decisions and changes do not create additional challenges for freight movements or efficient land use.

## **2. Increase access for freight across the road and rail network**

- Time of day access is an opportunity to achieve more efficient use of the road network outside peak time. This is currently restricted with local council delivery curfews in many areas. Woolworths understands the curfews and impact of noise for residents but seeks to work with Government and Councils on safe and near silent options for deliveries that can overcome the issues. Defining a standard for acceptable noise and delivery impact for local councils to work within would be a productive way to address the curfew challenge and increase access to the road network to better utilise the existing road network.
- CBD and more densely populated urban area delivery challenges are increasing as the number of smaller stores and residents increases. Woolworths would welcome more loading zones and potentially greater technology to maximise the use and availability of loading zones in high density areas. Woolworths would advocate for consideration in planning decisions and development applications for additional parking bays specifically for for online/direct deliveries.
- The increasing use of rail is a longer term objective for Woolworths given rail is safer and more environmentally efficient. To effect the mode shift requires:
  - higher reliability on rail
  - integrated planning to enable location of key facilities close to rail terminals
  - the continuation of works to separate freight and passenger rail

These are long term planning decisions and need commitment from Government on terminal locations and precinct planning, with the appropriate land use planning for surrounding areas to minimise any operating restrictions.



- Woolworths considers that Inland Rail will be beneficial for increasing freight on rail in a number of ways. Firstly for direct movement between Melbourne and Brisbane this will improve transit time to make it the preferred mode on that corridor. The mode shift will lessen the impact of vehicles on the coastal road and rail networks and may facilitate greater rail use on the shorter corridors on prime train paths. While the exact impacts are unclear Woolworths expects the additional capability delivered through Inland Rail will be beneficial to many of the regional communities that will have improved freight connections to international and interstate markets.
- Woolworths is keen to further investigate and leverage higher productivity vehicles on the network where it makes sense. Woolworths is keen to work with Transport for NSW and Councils to continue investigating areas of opportunity where higher productivity can be safely be achieved without impacting the community and other road users. One key corridor that will benefit from increased levels of HPVs will be the Pacific Highway and reinforces the importance of completing the upgrades to dual carriageway.

### **3. Protect existing freight precincts and ensure sufficient future land use**

- Land use planning will continue to be important for the identification and preservation of logistics precincts. Urban encroachment in the Sydney market in particular is a challenge to establishing and maintaining the ability to operate without restrictions.
- The identification of these precincts and long term commitment is critical to industry developing in and around these areas over time. In particular getting the enabling infrastructure investment from supporting road and rail links into these precincts is important. For Woolworths this aligns to the development and investment for future distribution centres.
- The related challenge for land use planning at a more localised level is maintaining and protecting the light industrial zoning closer to more populated areas. This is important to enable the online supply chains for various commodity types. These benefit from unrestricted operating hours for deliveries into and out of these facilities to avoid peak traffic times. As more dense residential developments occur in these inner urban areas it will be important to recognise the role they play and protect this zoning.

### **4. Facilitate the introduction of technologies that reduce freight costs and impacts**

- Woolworths expects the developments in electric vehicles to support a number of the challenges outlined above around noise restrictions and curfews for store deliveries. The Government's support and encouragement for electric vehicles is an area that could be strengthened in the plan, be that regulatory support, financial encouragement or partnering with industry in other ways. Woolworths expects electrification to have a large impact on metropolitan fleet mix in the next 5-10 years.
- Woolworths is supportive of moving to mandatory telematics for all heavy vehicles. Current Woolworths contracts with all suppliers require telematics to be in place. As a policy this would enable fleet wide audit capability for all operators to ensure compliance with speed and driving hours.
- Woolworths would encourage Transport for NSW to consider the role of Government, State or Federal, in defining common road use data requirements. While this will likely be required in coming years to support alternative road charging methodologies, it will also enable improved information in the shorter term about road use and influence the investment that is made in infrastructure now, enabling investment to 'follow the freight'.
- The developments in ITS and connected infrastructure have the potential to improve network efficiency, traffic flow and operating costs. Woolworths is supportive of working



with Transport for NSW on any pilot program in this space. Woolworths would also encourage cooperation with other jurisdictions to develop and research connected infrastructure concepts and work towards common standards and approaches.

## 5. Reduce the regulatory burden on industry

- The greatest role NSW can play in reducing the regulatory burden is to pursue and maintain nationally consistent regulatory approaches. Woolworths, as an end user, is often shielded from regulatory constraints by service providers, but recognises the cost and complication it adds to business.

## 6. Ensure safe, efficient and sustainable freight access to places

- As discussed in section 4 Woolworths is supportive of mandatory telematics on the grounds of safety and transparency across industry; and would be open to participating in the development of any frameworks or structures for industry, to establish the right operator flexibility along with meeting key safety outcomes.
- The key point for Woolworths in terms of efficient access to freight places is around dealing with curfews to enable more freight to move on roads outside the peak.

Beyond the specific areas defined in the strategy Woolworth would submit for consideration an additional area not specifically identified in the current plan that could warrant consideration at the level of the 6 topics currently outlined.

- **Promote the role of freight in the community.** There is an opportunity for Transport for NSW to take a proactive role within the scope of the plan to be the advocate in the broader community for freight and the role it plays in supporting the economy, jobs and trade. This would develop more specific relevance for individuals and build understanding of the role freight plays in delivering basic freight functions like getting food to supermarket shelves or their own front door. Building this awareness around freight will support the rollout of the plan and garner greater community support for change.

With regards to the indicative targets contained in the Plan Woolworths is generally supportive. The only omission in the targets is any measure of CBD efficiency in terms of both traffic access and loading zone capacity on arrival. This may also be linked to dealing with congestion from other vehicles who do not need to access the CBD when the freight and construction industries do.

Woolworths looks forward to working closely with Transport for NSW as the development and then implementation of the Freight and Ports Plan progresses over the next few years and would be happy to provide further clarification on any of the topics raised in this submission.

Kind regards,

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