



Code of Practice

1 June 2011 (Version 1)

Table of Contents

DEFINITIONS	3
INTRODUCTION.....	4
PURPOSE OF THE CODE.....	5
SCOPE OF THE CODE	6
STATUS OF THE RLSC CODE OF PRACTICE.....	6
ADMINISTRATION.....	7
SUPPLY CHAIN POINTS OF CONTROL	7
AUDITING	8
Audit Process.....	8
Reasonable Enquiry Audit.....	9
Partnership Audit Review (PAR).....	9
DISPUTE NOTIFICATION AND RESOLUTION PROCEDURES	9
FURTHER INFORMATION AND RESOURCES.....	10
ALC AUDIT PROCESS / LIFE CYCLE.....	11
ALC CAR LIFE CYCLE - MODEL	11

DEFINITIONS

“AFGC”	means Australian Food and Grocery Council
“ALC”	means Australian Logistics Council Ltd.
“ACCC”	means the Australian Competition and Consumer Commission
“Auditor”	means an auditor registered with and approved by RABQSA
“Code”	means the Retail Logistics Supply Chain Code of Practice
“FMCG”	means Fast Moving Consumer Goods
“PAR”	Partnership Audit Review
“RLSC”	means the Retail Logistics Supply Chain which comprises manufacturers, suppliers, retailers and carriers
“Entry Audit”	means initial audit conducted prior to becoming a signatory to the Code
“Compliance Audit”	means an annual compliance audit against the current RLSC audit tool
“Reasonable Enquiry Audit”	means a self-assessment audit from any party in the RLSC supply chain to establish their own performance against a predetermined set of core questions within the Code
“Triggered Audit”	special purpose audit of a signatory called for by another signatory that has a contractual relationship with the organisation with concerns about compliance to a specific aspect of the Code. This audit can either be in the form of a ‘Reasonable Enquiry Audit’ or Compliance Audit conducted by an approved auditor.

INTRODUCTION

The RLSC Code of Practice was developed by the ALC to highlight the critical areas of risk identified within the Transport and Logistics Retail Supply Chain.

The 10 Key Element RLSC Audit Tool has been developed to assist signatories to measure their compliance to the RLSC Code of Practice.

This 'Code of Practice' has been developed to give signatories some clear guidelines how the Code should be managed and measured to assist signatories to establish their 'Reasonable Steps Defence'.

The movement of freight between suppliers and retailers in the supply chain has traditionally been characterised by distinct responsibilities being understood by each party with regard to points of control within the chain and the safe movement of freight.

In the past, suppliers retained control of the delivery task using their own fleets or outsourced carriers to deliver the product to the retailers' stores. Within this simple model, the carriers had responsibility for transporting the freight under conditions of safety and relevant regulations and standards were directed at them. Suppliers and retailers were relieved of formal responsibility for these aspects of their business unless, of course, they used their own fleets.

The last decade saw major transformations to these comparatively straightforward and discrete relationships between the players in the chain. Major Australian retail chains have followed the path of their counterparts in many comparable countries and have begun to assume the leading management role within their supply chains.

While in some cases suppliers continue to make the arrangements for the delivery of freight to their customers, in others retailers have set up their own Distribution Centres (DC's) and have largely taken control of the storage and movement of freight along the supply chain.

This blurring of the traditional lines of control has naturally had an impact on freight carriage operations. The scheduling of freight movements is controlled, sometimes by the supplier (especially in the case of primary freight moved between the supplier and the retail DC) or by the retailer (especially in the case of goods moved between the retailer's DC and its stores).

In addition, trucks are often loaded and sealed within the premises of the supplier or the retailer. As a consequence, depending on who controls the conditions under which freight is loaded and scheduled for delivery, the carrier often has little control over key facets of the safe and secure transport of freight, yet may be held formally responsible for breaches under relevant regulation and standards.

The Code is designed to ensure that all participants are aware of their responsibilities in the supply chain when they control or influence the safe and legal carriage of freight. Not only should this produce a clear and equitable alignment of responsibility for the carriage of goods within the supply chain against the relevant standards and regulations, but it should also induce higher standards of accountability and good practice within the industry.

PURPOSE OF THE CODE

The Retail Logistics Supply Chain (RLSC) industry Code is intended to assist all parties in the Retail Logistics / FMCG supply chain to comply with the 'chain of responsibility' laws under the model bill and future national heavy vehicle laws – and to reduce the potential for and / or the severity of liability for heavy vehicle breaches.

The Code applies to the following activities within the supply chain and the regulation and standards that apply to them.

- Scheduling and transit times.
- Time slot management.
- Safe loading practices including mass, dimension and load restraint.
- Driver fatigue management including driver health and fitness for duty.
- Speed compliance.
- Vehicle safety.

In addition to the specific freight carriage requirements covered under the relevant road transport laws, participants in the RLSC are expected to abide by all relevant regulations concerning driver fitness for duty.

The Code can also provide other benefits to industry such as:

- Productivity gains through improved ability to load accurately and closer to statutory limits
- Monitoring and understanding compliance risks and obligations under the chain of responsibility and other legislation (e.g. OHS laws, environment laws) through a centralised compliance tool
- Minimising the risk of civil claims resulting from unintentional transport related safety breaches in establishing a 'Reasonable Steps Defence'
- Satisfying insurance obligations
- Generating marketing opportunities by showing the ability to manage compliance thereby reducing exposure of customers and suppliers under chain of responsibility.

The ALC has facilitated this Code and it is aimed at establishing enforceable operational guidelines covering logistical interaction between those in the Retail and FMCG Supply Chain in relation to the carriage of freight by heavy vehicles.

Adherence with the Code should assist in achieving legal compliance with Chain of Responsibility (CoR) and transport safety legislation.

Signatories are expected to fully comply with the principles of the Code which uses a risk methodology and robust auditing system to determine a signatory's position in meeting legal compliance.

New signatories need to demonstrate a level of compliance, substantiated by an "Entry Audit" prior to membership (application acceptance) under an audit regime that is aimed to ensure that there is a strong foundation of legal compliance within the Code membership base.

The Code will continue to go beyond supporting individual organisations legal compliance, with a focus on developing best practice transport safety along the Retail / FMCG supply chain. Auditors are required to support new signatory applications following successful completion of the "Entry Audit" requirements.

Work to obtain greater aggregate transparency on the Codes levels of compliance in order to deliver continuous improvement.

The Code is **not** intended to be anti competitive in any way.

The Code is voluntary and prescribes minimum levels of operational behaviour to assist those in the supply chain to manage their obligations under the relevant road transport laws and occupational health and safety legislation.

SCOPE OF THE CODE

The Code of Practice will have 2 classes of signatory.

First, all parties in the Retail and FMCG Supply Chain will have the status of participating signatories and will assume full obligation under the Code.

Second, industry bodies or associations, such as the ALC or AFGC, will have the status of endorsing signatories without assuming any direct obligations under the Code but will endorse and support the principles of the Code.

The ALC is responsible for administering this Code. Apart from these obligations all references to signatories in these Guidelines may be taken to apply to participating signatories only.

Signatories will be required to ensure that their actions, inactions or demands do not result in pressures being brought to bear on the transport task that would result in a breach of the legislative requirements of the States or Territories through which the goods are transported.

STATUS OF THE RLSC CODE OF PRACTICE

The ALC sought consultation via email of 103 individuals and organisations including ALC members and their organisations, industry peak bodies, regulators, state and federal main roads and transport departments, the National Transport Commission, key unions and others in the transport and logistics community. 20 written responses were received with detailed comments while several others thanked ALC for the opportunity but declined to comment.

ALC also has had many phone conversations regarding the code. In general the responses were very supportive of the concept of the Code. ALC and its partners were commended for the initiative and the progress made.

The Code is voluntary and intended only to assist all parties to identify issues related to chain of responsibility (CoR) compliance and to give guidance in the management of that compliance.

It is emphasized that compliance with the Code will not guarantee compliance with the diverse range of regulation throughout Australia. Participants in the Code must identify the relevant road transport and OH&S statutory regulations applicable to their operations and comply with them.

The RLSC Code of Practice:

- does not require any signatory to exchange any information or participate in any discussions concerning customers, suppliers, prices, products, geographic areas of operation or any other such matters; and
- is not intended to be an "industry code" for the purposes of Part IVB of the Trade Practices Act; and
- Will become effective after each signatory has satisfied itself that there are no trade practices concerns.
- The Code is not intended to prevent the signatories from acting in a commercially competitive manner.

ADMINISTRATION

The ALC is the custodian and administrator of the Code and the RLSC Audit Tool on behalf of the signatories.

Its role is to;

- Ensure currency and relevance (the ALC will review the Code annually); and
- Ensure Legislative updates are reviewed and assessed to determine any required changes to the Code. Where a change is required the change will be tabled for consultation with the codes management committee. Following endorsement of amendments the code is to be updated and distributed to all signatories. All changes are required to be documented in the minutes of the Management committee ; and
- Promote wider acceptance of the Code and facilitate participation in the Code for any other party in the Retail and FMCG Supply Chain ;and
- Consult with industry stakeholders; and
- Receive and process all signatory applications
- Maintain a registry of signatories. Code signatories may withdraw from the Code and being bound by it upon giving 90 days prior notice in writing in this regard to the ALC.
- The ALC will advise all other Code signatories upon any person's adoption or withdrawal from this Code.

Key Contact

The key contact for the Code is:

Peter Elliot
Program Manager Safety
Australian Logistics Council
PO Box 20
Deakin ACT 2600
PH: (02) 6273 0755
MO: 0409 915 138

SUPPLY CHAIN POINTS OF CONTROL

The chain of responsibility means that all those who control transport operations – not just the driver – can be held responsible for breaches of road laws and may be made liable, for example;

The following people are parties in the supply chain of responsibility in relation to a regulated heavy vehicle:

- The employer of the driver of the vehicle; and/or
- The prime contractor of the driver;
- The operator/driver of the vehicle;
- The scheduler of freight for transport by the vehicle, and the scheduler of its driver;
- The consignor of freight for transport by the vehicle;
- The consignee of freight for transport by the vehicle;
- The loading manager of freight for transport by the vehicle;
- The loader of freight on to the vehicle;
- The unloader of freight from the vehicle.

Note: It is the performance of any of these functions, whether exclusively or occasionally, that determines whether a person falls within any of these definitions, rather than their specific job title or contractual description.

Retail Code of Practice
Reviewed 1 June 2011

A person may be a party in the chain of responsibility in more than 1 capacity:

- A person may be an employer, operator and consignor at the same time in relation to a driver and be subject to duties in each of the capacities under the chain of responsibility

The Responsibility matrix as attached to the Code identifies different roles each party may play in the Retail and FMCG supply chain.

The fundamental principle embodied in the matrix is promoting safety and compliance with all relevant road transport and OH&S laws. This principle is to be observed in practice by organizations and individuals who control or influence all functions in the Retail and FMCG supply chain including the planning, consigning, packing, loading, driving, operating and receiving of freight.

AUDITING

Each RLSC Code signatory is required to undergo an Entry Audit prior to acceptance of their application to become a signatory to the Code and thereafter a Compliance Audit shall be conducted on an annual basis of all nominated signatory facilities which operate in their Retail / FMCG supply chain.

The RLSC Audit Tool covers 10 Key Elements:

1. Legal Compliance and CoR;
2. OH&S Risk Assessment & Compliance;
3. Fatigue Management (Scheduling, Time-Slot Flexibility, Waiting Time, Queuing, Loading & Unloading);
4. Communications;
5. Safe Loads Preparation, Restraint & Containment, Mass, Container Weight Declarations & Dangerous Goods;
6. Speed Management;
7. Equipment;
8. Driver Health/Drug and Alcohol Free Workplace;
9. Sub-contractor Assessments; and
10. Operational Infrastructures.

Auditors

- Auditors of the Code are required to be RABQSA Heavy Vehicle accredited auditors and approved by the ALC
- Auditors are restricted to performing 2 consecutive audits at the same facility
- Where an auditor or their company have provided consultancy services they are prohibited from conducting audits for that entity for a period of not less than 2 years

Audit Process

The basis for auditing should be the latest version of the ALC approved assessment tool. Compliance Audits are to be carried out only by Auditors who are certified with the RABQSA and registered with the ALC. Only the ALC approved iAppraise licensed software is to be used to conduct Code Entry and Compliance Audits.

A key feature of the code is the formalized compliance regime consisting of the following audit types:

- Entry Audit
- Compliance Audit
- Reasonable Enquiry Audit”
- Triggered Audit

Reasonable Enquiry Audit

ALC has also approved a second tier auditing regime where any party in the Retail or FMCG supply chain can access the ALC website to conduct an on-line self-assessment audit to measure their performance against the predetermined set of core compulsory questions within the Code.

Partnership Audit Review (PAR)

The basis for conducting a PAR should be the current audit report.

A PAR may be conducted during or following an audit as pre determined by all relevant parties prior to conducting the audit

Both parties should jointly review each other’s audit report to identify any gaps or anomalies and develop actions plans to address any identified deficiencies.

Where gap or anomalies are identified during the PAR each individual item will remain open (unresolved) until both parties can agree that the issue has been resolved to their mutual satisfaction.

This is a critical part of the audit arrangement that each item has been closed out to the mutual satisfaction of the related parties in the chain.

Each party to the audit process has the right to challenge any aspects of the other parties audit report if they believe the auditors finding to not be a true representation of what actually happens in their specific commercial relationship/s

Examples of the different types of relationships are; the Consignee and the carrier (inbound freight), the Consignor and carrier (outbound freight), the supplier or vendor (consignor) and the carrier, the store (consignee) and the carrier.

(Consignor / Vendor) < > (Carrier) < > (Consignee)

In this instance the carrier has a relationship with both the Consignor (vendor) and the Consignee. He will complete the assessment tool as the carrier (self rating), then his perception of the consignor and also the consignee.

DISPUTE NOTIFICATION AND RESOLUTION PROCEDURES

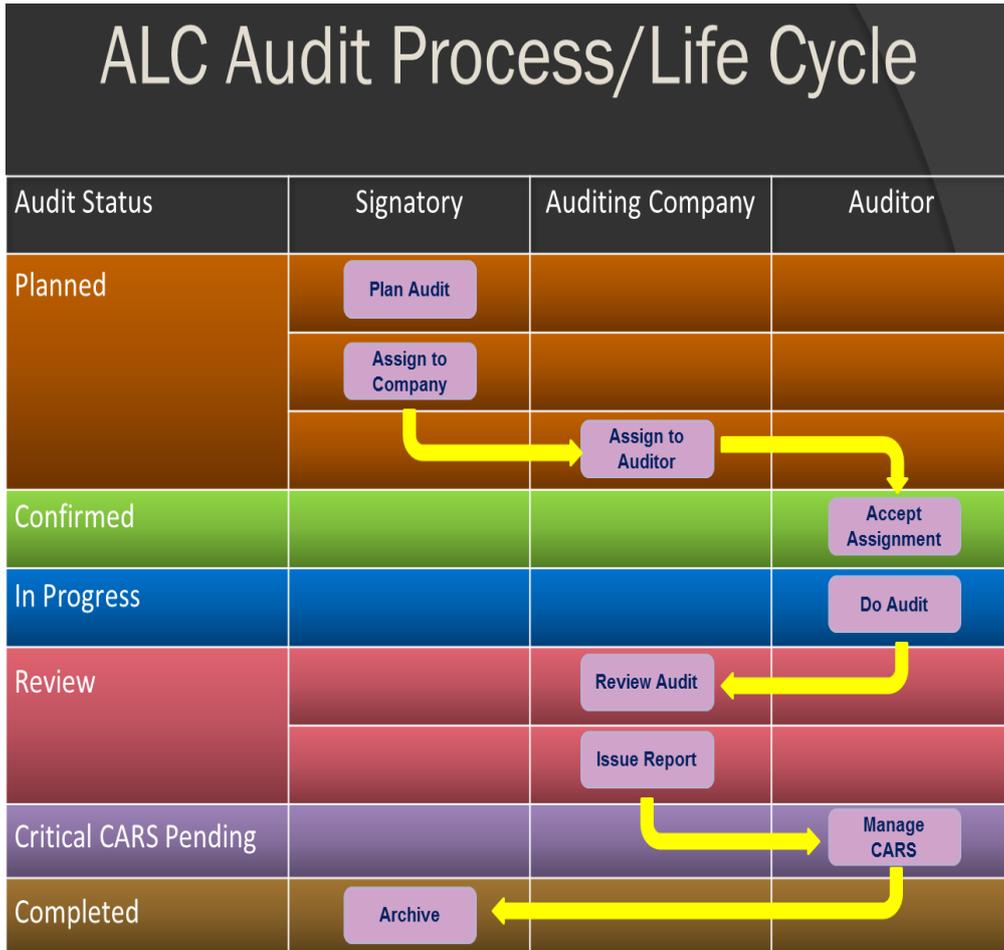
The dispute resolution procedure set out in the contract between the parties shall be the sole process for resolving disputes related to the Code.

FURTHER INFORMATION AND RESOURCES

A glossary of relevant national and state and territory fact sheets about heavy vehicle regulation under the Code will be made available on the ALC website to assist with the Code compliance.

<u>National</u>	
National Transport Commission	http://www.ntc.gov.au/
Australian Logistics Council	http://www.austlogistics.com.au/
Australian Dangerous Goods Code ADG7	http://www.ntc.gov.au/viewpage.aspx?AreaId=35&DocumentId=1147
National Heavy Vehicle Accreditation Scheme	http://www.ntc.gov.au/ViewPage.aspx?DocumentId=00108
Load Restraint Guide	http://www.ntc.gov.au/viewpage.aspx?AreaId=35&DocumentId=862
National Rail Safety Guidelines	http://www.ntc.gov.au/viewpage.aspx?documentid=1668
National workplace Safety	http://www.worksafe.com.au/
<u>State Road Transport</u>	
Victoria	http://www.vicroads.vic.gov.au/Home/
Tasmania	http://www.transport.tas.gov.au/
New South Wales	http://www.rta.nsw.gov.au/
Queensland	http://www.transport.qld.gov.au/
South Australia	http://www.transport.sa.gov.au/index.asp & http://www.dtei.sa.gov.au/
Western Australia	http://www.mainroads.wa.gov.au/
ACT	http://www.tams.act.gov.au/move/roads
Northern Territory	http://www.nt.gov.au/
<u>Work Cover / Work Safe Agencies</u>	
Northern Territory	http://www.nt.gov.au/wha/ & http://www.worksafe.nt.gov.au/
Queensland	http://www.workcover.qld.gov.au/ & http://www.deir.qld.gov.au/workplace/index.htm
Tasmania	http://www.wst.tas.gov.au/ & http://www.workcover.tas.gov.au/
Victoria	http://www.workcover.vic.gov.au/dir090/vwa/home.nsf
ACT	http://www.workcover.act.gov.au/
South Australia	http://www.workcover.com/
New South Wales	http://www.workcover.nsw.gov.au/
Western Australia	http://www.safetyline.wa.gov.au/

ALC AUDIT PROCESS / LIFE CYCLE



ALC CAR LIFE CYCLE - MODEL

