

# Submission to the Commonwealth Government COVID-19 Response Inquiry

December 2023

## Recommendations

1. The NCM should be recognised as the principle coordinating body between industry and government as it relates to any external challenges to the efficient operation of the Australian freight chain.
2. Promote ongoing education in the public sector regarding the essential services provided by the logistics and supply chain industry.
3. Proactively engage with peak industry bodies, like the ALC, to stay informed, foster strategic relationships, and ensure preparedness for future crises.
4. Develop a pre-prepared strategy for communicating issues to the supply chain and the community.
5. Future public health orders explicitly acknowledge and accept demonstrable risk-based controls or mechanisms implemented by companies within the supply chain.
6. Freight and supply chain workers should be granted priority access to vaccinations and other health protections.
7. Commonwealth Government consider a national permit solution for any future border closures that is agreed to by all States and Territories.

## Introduction

The Australian Logistics Council (**ALC**) is pleased to make a brief submission on the *Commonwealth Government COVID-19 Response Inquiry (the Discussion Paper)*.

ALC is the peak national body representing major companies participating in the end-to end freight supply chain and logistics industry with a focus on delivering enhanced supply chain safety, efficiency and sustainability.

Freight affects every Australian, every day, everywhere. Common goods purchased by Australians such as food, clothing, household appliances and medicine all need to be transported by freight operators. Australia's population is expected to grow by 10 million by 2040, an increase which must be supported through proactive investment in freight transport and freight logistics infrastructure.

From the early onset of the pandemic, the freight logistics and transport industry was deemed an essential service by Australian governments. Given the heightened significance of dependable and

consistent freight deliveries, ALC's members diligently operated around the clock to facilitate the movement of critical supplies nationwide, ensuring well-stocked shelves, bolstering confidence in export deliveries, and safeguarding the integrity of Australia's supply chains.

The importance of an effective, resilient, unencumbered national supply chain in day-to-day life, as well as in times of national disruption, has never been as universally recognised as it is now. Noting the unprecedented circumstances in which the pandemic served, the actions taken by governments at both a Commonwealth and state and territory level, as well as by industry, must be acknowledged and viewed as valuable lessons that will enable greater preparedness in future crises or national disruption.

Before the pandemic the freight logistics and supply chain industry was the 'hidden enabler'. COVID-19 brought it to central front and stage and while government understanding in some departments and agencies improved significantly through the crisis, the lack of formal education in the public service in this essential service remains a risk. Supply chains are complex and knowledge is required for sound decision making during calm and crisis periods.

## Principle Coordinating Body

Before the pandemic, the broader community did not fully grasp the pivotal role played by the supply chain industry in Australian society. The shortages experienced during the pandemic<sup>12</sup>, underscored the significance of the freight transport, logistics and supply chain industry.

ALC, along with its members, actively engaged in government coordination groups, dedicating numerous hours over a two-year span to address the evolving challenges of the pandemic. A key takeaway, which we applaud, is the establishment of the National Coordination Mechanism (NCM).

As the Department of Home Affairs has said:

*The COVID-19 pandemic presented Australia with unprecedented consequences and impacts. The magnitude of COVID 19 and its potential for concurrent impacts across jurisdictions, communities and industries saw Emergency Management Australia (EMA), through the Department of Home Affairs, drive the implementation of the National Coordination Mechanism (NCM).*

*The NCM brings together agencies of the Australian Government, state and territory governments and industry and private sector stakeholders in a way that has never been done before. Such was the success of the NCM in coordinating this large scale response, the mechanism has now been embedded as a permanent response tool in the Australian Government Crisis Management Framework (AGCMF) ensuring the government can bring together the relevant representatives of both government and non-government*

---

<sup>1</sup> *The Conversation* Supermarket shortages are different this time: how to respond and avoid panic 10 January 2022 <https://theconversation.com/supermarket-shortages-are-different-this-time-how-to-respond-and-avoid-panic-174529>

<sup>2</sup> 9 News New buying limits for painkillers and toilet paper at Woolworths nationwide 13 January 2022 <https://www.9news.com.au/national/coronavirus-update-woolworths-introduces-nationwide-buying-limits-on-painkillers-and-toilet-paper-amid-supply-chain-disruptions/f5cc7350-2a0f-4a48-bb52-14637b390bc3>

*organisations to coordinate, communicate and collaborate during responses to crisis in our country.*

*The NCM operationalises the AGCMF and takes a sector-based approach to stakeholder engagement, convening collaborative forums (sector meetings) as required to address the specific impacts of a national crisis. These sectors include representatives from both federal and state and territory agencies, as well as industry bodies and the private sector as required.<sup>3</sup>*

The NCM operationalises the AGCMF, adopting a sector-based approach to stakeholder engagement. It convenes collaborative forums, such as sector meetings, to address specific impacts of national crises, involving representatives from Commonwealth and state/territory agencies, industry bodies, and the private sector. An exemplary instance of its success is the establishment of a whole-of-government approach to address a prospective AdBlue shortage<sup>4</sup> (including the necessary ACCC to authorise collaboration on supply arrangements<sup>5</sup>) and then subsequently the development of a solution for the continued supply of the product<sup>6</sup>. AdBlue is a critical component in modern diesel engines, vital for controlling nitrogen oxide pollutants in heavy vehicles that transport freight.

This episode underscores the essential role industry plays in developing mechanisms to ensure the uninterrupted operation of the supply chain. The ALC remains committed to such collaborative efforts that safeguard the resilience and effectiveness of Australia's freight supply chain.

However, there was some duplication of 'co-ordination committees' or 'taskforces' by several different Commonwealth departments. This resulted in the same people and teams from large companies and industry associations repeating the same information to different bodies, with no tangible change to policy priorities or service provision. This duplication has, and continues to, occur at the state and territory government level as industry engages government on logistics industry disruptions.

The NCM should be recognised as the principle coordinating body between industry and government as it relates to any external challenges to the efficient operation of the Australian freight chain. Individual agencies should only establish a body where it has been allocated a specific task to perform with identifiable deliverables.

## Communication

Certain aspects of the response were disappointing.

---

<sup>3</sup> National Coordination Mechanism (2023) <https://www.homeaffairs.gov.au/about-us/our-portfolio/emergency-management/about-emergency-management/national-coordination-mechanism>

<sup>4</sup> AdBlue supplies in Australia (2021) <https://www.minister.industry.gov.au/ministers/taylor/media-releases/adblue-supplies-australia>

<sup>5</sup> Industry allowed to collaborate on AdBlue supply arrangements (2021) <https://www.accc.gov.au/media-release/industry-allowed-to-collaborate-on-adblue-supply-arrangements>

<sup>6</sup> Increasing AdBlue supplies and protecting Australia's transport industry (2021) <https://www.minister.industry.gov.au/ministers/taylor/media-releases/increasing-adblue-supplies-and-protecting-australias-transport-industry>

At times, announcements regarding lockdowns were made without prior notification to the NCM. This lack of communication necessitated last-minute consultations to make public health orders feasible. Additionally, it placed participants in the supply chain in a challenging position, forcing them to make instant decisions on whether road or rail vehicles should cross state borders, risking the inability to return to their home jurisdiction to continue providing freight services.

Often the most punitive restrictions were applied to business by state and territory governments – especially during periods of lockdown. This was most acute in the jurisdictions of Victoria (through the second half of 2020 and 2021), and in NSW throughout the latter half of 2021. Whilst government representatives moved quickly, industry was frustrated with the intra-government delegation of consultation outside of key Health Departments who were setting the restrictions and mandates.

Throughout 2020 and 2021, the Victorian Government consulted with industry through the Department of Jobs, Precincts and Regions (DJPR), along with logistics industry-specific forums coordinated by the Department of Transport and Freight Victoria. The DJPR and Freight Victoria should be acknowledged for their efforts in consultation. However, it is noteworthy that the Victorian Department of Health generally refrained from direct engagement with the sectors heavily impacted by their health orders.

Despite these challenges, there was notable improvement toward the end of the pandemic. The National Cabinet functioned effectively, providing anticipated Friday updates that were crucial for the public and industry. The government made commendable efforts in consulting ahead of these meetings.

However, to enhance preparedness for future crises, it is advisable to develop a pre-prepared strategy for communicating issues to the supply chain and the community. This is especially important in situations where government actions or impositions may disrupt the ordinary operation of the supply chain. Having a well-thought-out communication strategy can help mitigate uncertainties and facilitate smoother operations during challenging times.

## Capability and Strategic Relationships

The efficacy of the Australian freight and logistics sector in times of crisis, hinges on the proficiency of government leaders responsible for decisions directly influencing operational outcome. In navigating complex and evolving challenges, leaders must possess the expertise to make informed decisions and adapt swiftly to changing circumstances without unduly impeding industry and avoiding unintended consequences.

The logistics and supply chain industry is a critical component of Australian society. The intricate nature of supply chains demands a comprehensive understanding for effective decision-making during both calm and crisis periods.

The Covid-19 pandemic illustrated a lack of sophisticated awareness of the supply and freight logistics system. This shortfall manifested in poor decision-making, adversely affecting industry productivity and, consequently, the overall well-being of the nation.

---

Case study: The intricate accountabilities within the supply chain were not considered particularly concerning travel restrictions. For instance, mandating truck drivers to queue for testing significantly impacted travel hours, often leaving drivers stranded to comply with Fatigue Management in National Heavy Vehicle Laws. These delays, often extending for several hours, not only led to drivers exhausting their permissible driving hours but also necessitated overnight accommodations.

The challenges didn't end with delays; security concerns emerged as well. Trucks parked overnight became susceptible to instances of vandalism and theft, including the slashing of side curtains to inspect cargo.

Moreover, the toll on drivers' health became evident. The stress induced by PCR testing at every border crossing resulted in frequent health issues, with drivers experiencing conditions like nosebleeds. Compounded by the need for multiple tests throughout the day, depending on the number of borders crossed, this situation significantly impacted the overall well-being and resilience of the drivers navigating these challenging conditions.

---

By enhancing understanding of freight and supply chain systems, informed decisions can be made regarding their impact on supply chain performance, leading to realistic expectations about supply capabilities and constraints caused by decisions.

Understanding who to reach out to in times of crisis is equally vital. Strategic relationships with key stakeholders, including peak industry bodies such as the Australian Logistics Council (ALC), play a crucial role. These partnerships do not materialize overnight; they require continuous cultivation through regular engagement and collaboration. Peak industry bodies serve as valuable conduits for industry-government coordination and are essential for sharing insights, addressing challenges, and fostering collective resilience.

## Priority Access to Vaccinations or Other Health Protections

Another pressing issue revolved around the timely access to vaccines and testing regimes.

To underscore the magnitude of the challenge, consider that the Australian freight industry facilitates the movement of 683.2 billion tonne kilometres of freight (road and rail)<sup>7</sup> and employs a workforce of 683,300 persons<sup>8</sup>.

---

<sup>7</sup> Freight performance dashboard <https://www.freightaustralia.gov.au/a-closer-look/freight-performance-dashboard>

<sup>8</sup>Jobs and Skills Australia's Labour Market Insights (2023)  
<https://labourmarketinsights.gov.au/industries/industry-details?industryCode=I>

## Public Health Orders

ALC members reported instances where employees in the supply chain, including those at warehouses and intermodal facilities, faced impediments to work due to vaccination constraints or challenges accessing testing facilities, essential for compliance with public health orders. Regrettably, some sophisticated regimes put in place by ALC members to guard against spread of the virus whilst allowing the supply chain to operate were not recognised by governments as they did not precisely reflect the requirements of public health orders and were not understood.

Despite workplaces demonstrating stricter protocols than those enforced by the government, at their own substantial cost, minimal consideration was given.

---

**Case Study:** Woolworths Group implemented onsite Rapid Antigen Testing (RATs) at the start of each shift and upon entry for external visitors in its Distribution Centres and Customer Fulfilment Centres. This involved supervised testing by nurses and doctors, covering tranches of workers, including interstate and local drivers, at an estimated cost of approximately \$100,000 per week per site. Other health and safety measures to protect their teams and the DCs operations were implemented early and included compulsory mask wearing; the use of 'smart badge' technology to monitor social distancing; split shifts for teams to reduce opportunities for transmission during change-over times, contact tracing as well as temperature checks on site. These measures were not initially recognised by governments as they did not precisely reflect the requirements of public health orders.

---

While the critical importance of DCs was later recognised by health agencies, the imposition of workplace restrictions (such as workplace density quotients) on different logistics sites caused disruption at the height of the pandemic.

A notable example was the Victorian Government's COVID-19 Roadmap, which implemented phased restrictions as Greater Metropolitan Melbourne underwent lockdown in the latter half of 2020. As supply chains struggled with increased volumes in September 2020, the Victorian Government Roadmap applied different rules to postal warehouses compared to general warehouses. The heightened restrictions on general warehouses were designed to respond to transmission events within meatwork processors - which are very different working environments to DCs, particularly in terms of social distancing. Despite this, officials from the Victorian Department of Health declined direct engagement with the industry on the matter.

During the pandemic, testing requirements became a significant challenge. Drivers, crucial to the functioning of the supply chain, often had to endure lengthy queues for testing, impacting their ability to fulfill their duties promptly. Compounding this issue, roadhouses and other facilities occasionally restricted drivers from using essential amenities, ordering food, or taking mandated rest breaks on the premises. Compliance with additional obligations, such as limitations on driving hours under the Heavy Vehicle National Law, further complicated matters.

Moving forward, it is imperative that any future public health orders explicitly acknowledge and accept demonstrable risk-based controls or mechanisms implemented by companies within the supply chain. These mechanisms, if proven to be of equivalent effect or designed to yield equivalent outcomes as the contents of public health orders applicable to the general public, should be deemed compliant.

## Vaccines

Several ALC members also highlighted the challenges faced in Greater Sydney through 2021 as public health orders shifted to vaccination-based workplace restrictions frameworks. Whilst the general focus in opening up sites to vaccinated workers was welcome, the measures merely highlighted the challenges of accessing essential vaccines for frontline staff.

ALC members engaged directly with the Federal Government's COVID-19 Taskforce to stand up vaccination stations, however all-too-often initiatives were stifled by poor communication between the Federal Government and state governments. This was adversely complicated by the community's concerns associated with the Astra-Zenica COVID-19 vaccine, following communication from Federal Government leaders at the time.

Given the essential nature of their role, priority access to vaccinations should have been granted to freight and logistics workers. The critical role these workers play—such as transporting groceries from distribution centres to supermarkets—directly impacts public access to essential goods. The recognition of this **essential service** would have not only ensured the smooth operation of the supply chain but also alleviated the burden of frequent PCR testing, reducing the associated mental health strain.

There was a further gap in vaccination protocols for international seafarers. There are more than 1.6 million seafarers who work on merchant ships world-wide – many of whom spent more than 12 months on ships during the peak of the pandemic when health protocols restricted crew changes. Governments did not recognise seafarers as critical workers and there were further sensitivities expressed given seafarers were generally not Australian citizens. ALC Member NSW Ports initiated a program of vaccination for seafarers in collaboration with NSW Health during the pandemic and in the early stages (by June 2022) had vaccinated 1,500 global seafarers. Governments should have made early vaccination available to seafarers who form a critical part of our supply chains.

This concern was specifically emphasized by ALC during the pandemic<sup>9,10,11</sup>. As a proactive measure, ALC recommends that in any emergency situation akin to the COVID pandemic, freight and supply chain workers should be granted priority access to vaccinations and other health protections. This approach ensures the uninterrupted operation of the supply chain, safeguarding both the industry and the broader community.

---

<sup>9</sup> Australian Logistics Council Partners with the Pharmacy Guild of Australia on COVID-19 Vaccination Program (2021) <https://austlogistics.com.au/media-centre/australian-logistics-council-partners-with-the-pharmacy-guild-of-australia-on-covid-19-vaccination-program/>

<sup>10</sup> ALC Calls For More COVID Testing Sites For Essential Freight Workers (2021) <https://austlogistics.com.au/media-centre/alc-calls-for-more-covid-testing-sites-for-essential-freight-workers/>

<sup>11</sup> Urgent Vaccine Access For Supply Chain Workers Under Review By National Cabinet (2021) <https://austlogistics.com.au/media-centre/urgent-vaccine-access-for-supply-chain-workers-under-review-by-national-cabinet/>

## Protocol for Domestic Border Controls

One additional area of concern that warrants attention is the operational framework of the Protocol for Domestic Border Controls<sup>12</sup>.

While theoretically sound, the practical implementation of the agreement revealed a system that essentially operated on the lowest common denominator of risk appetite among the states. The inherent flexibility in the protocol allowed each jurisdiction to interpret and apply the guidelines in their own manner. Furthermore, the document permitted States and Territories to 'introduce additional restrictions or differential advice,' leading to inconsistencies and complications in the enforcement of border controls.

---

**Case Study:** ALC Member ARTC had multiple dedicated corporate support staff members allocated to navigating the various application / permit systems that differed between each state, to apply for permits for essential rail track maintenance staff and contractors who were required to cross borders as part of their work.

It became a challenge for ARTC as the permit system was not always understood by State Police who were reviewing the permits at the border crossings, which meant that if a Policy member did not think the person who held the permit was 'essential', they could refuse entry or send them to hotel quarantine. There was a lack of understanding, coordination, governance and consistency in this process between various State Governments and their Police forces and resulted in some staff being forced into hotel quarantine incorrectly and key rail work not being completed in time.

---

This specific issue had been highlighted by the ALC during the mentioned period<sup>13</sup>. To address this, it is crucial to seize the opportunity, in non-emergency times, to develop a comprehensive framework for domestic border controls. Such a framework should aim to establish standardized protocols that ensure consistency, clarity, and efficient collaboration among jurisdictions. By proactively addressing these concerns during non-crisis periods, we can better equip the supply chain and relevant authorities to navigate border controls effectively when emergencies do arise. This strategic planning will contribute to a more robust and streamlined response during times of crisis.

---

<sup>12</sup> Protocol for Domestic Border Controls – Freight Movements (2021)  
<https://www.infrastructure.gov.au/sites/default/files/documents/protocol-for-domestic-border-controls-aug-2021.pdf>

<sup>13</sup> ALC encourages adherence to the National Freight Movement protocol (2021)  
<https://www.railexpress.com.au/alc-encourages-adherence-to-the-national-freight-movement-protocol/>



## Planning, Infrastructure and Supply Chain Resilience

The implementation of flexible and extended delivery curfews played an essential role in facilitating the supply of goods and services to customers during this period. Allowing for 24-hour deliveries in states proved effective in managing peaks in demand. Following an analysis by the NSW Productivity Commission and Department of Planning, the NSW have allowed for this to continue, revealing a net public benefit. This approach offers greater certainty for the industry by avoiding the management of varied curfews across different council areas and should be consistently adopted in other states.

The Covid pandemic did demonstrate the benefits of preparedness by the Department of Health, and the resulting capability to tackle the health emergency, built upon decades of experience and investment in planning for the response to a potential crisis. There has not been a commensurate demonstration of such systematic planning and investment in the preparedness of national infrastructure networks and supply chains. There appears to have been a long-term decline in network analysis and long-term planning for freight systems, with an aversion across all levels of government to ongoing investment in systemic capability for infrastructure planning and resilience.

Much of the infrastructure associated with the national supply chain has been in place for an extensive period and was constructed based on the relevant construction standards at the time making it vulnerable to the increase in climate change events.

---

**Case Study:** The rail outages in Western Australia (WA) and the Northern Territory (NT) in 2022 highlighted how natural disasters can impact a supply chain already dealing with challenges related to COVID-19. Rail disruptions are not uncommon in WA, but the January and February 2022 outage presented notable difficulties due to various factors:

1. **Extensive Flood Damage:** The scale of flood damage prolonged the outage to more than three weeks.
2. **Surge Buying:** Anticipation of the WA border reopening led to increased grocery buying, worsening the impact of the outage (though the border reopening was later postponed).
3. **Transport Network Pressures:** Widespread absenteeism on the eastern seaboard strained transport networks.
4. **Concurrent Floods in South Australia:** Floods in South Australia caused a prolonged outage of the main train line and a major road connection to Darwin, necessitating a rerouting of deliveries into the NT via Townsville.

An ALC member noted that typically, 80% of their interstate deliveries to WA rely on rail. The outage became a major challenge, exacerbated by COVID-19-related team shortages in the Eastern states. Normally, there's a reserve of around 20 days of stock in WA to manage potential rail disruptions. Unfortunately,

contingency plans using road and sea freight only addressed 20% of the weekly shortfall.

---

Continuous investment to improve the resilience of national supply chains will remain an essential component of government contingency planning. A proactive posture on critical infrastructure is required to build resilience into transport and supply chain networks and equip them for ongoing growth in demand for freight movements and connectivity.

**Australian Logistics Council**

**Sheena Fardell, Chief Policy Officer**

December 2023