

Response ID ANON-ZGT2-TYWA-C

Submitted to New Zealand freight and supply chain issues paper | Te rautaki ueā me te rautaki whakawhiwhinga o Aotearoa
Submitted on 2022-05-20 12:50:57

What is your organisation?

Organisation:
Woolworths New Zealand

Introduction

Part 1: Understanding the freight and supply chain system in New Zealand

1 Do you agree with the outlined description of the freight and supply chain system?

Please explain in the box below. :

I think this describes the current network well, but seems to be missing warehousing, distribution centers, and hubs from the commentary which are key for the total network.

2 Do you have any views on the outlined role of government in the freight and supply chain system?

Please leave your comment in the box below::

I think there is a role to play for government around enabling efficiency particularly for large infrastructure projects, especially where these projects are key enablers to facilitate consolidation of freight. This would seem to be in conflict with the existing Port model and with the current operation of Kiwirail and would need government intervention to change this.

The current port model puts ports in competition with each other and does not allow for centralisation and consolidation. I would have a view that the large number of Ports in NZ results in fragmentation of volumes, and as such from total network view this is less efficient. (As with the volume spread over more ports this means either smaller ships, or less frequent services, or both).

Likewise the current rail model has not been optimised for a total network view. My view would be that from an end to end efficiency view (including environmental impacts) that if the task can be completed on road in under 4 hours, that it should be done so (as the "to railhead road move" and the "from railhead road move" would be equal to the road task both for time and fuel use, if this task had been completed on rail, and the rail move would just be incremental cost and waste). The exception to this 4 hour threshold would be if one or the other end of the task was directly rail served (like an inland port) and as such the road moves would not be a factor. This combined with some heat map modelling would likely allow for significant consolidation of the rail network, and allow investment to be focused on improving frequency of service and resilience on the core routes.

Part 2: The strategic context for change

3 Do you agree with the outlined strategic context and key opportunities and challenges?

Please explain in the box below. :

I agree with the strategic context outlined

4 Are there any trends missing that we should consider?

If "yes", please write the trends we are missing in the box below. :

There are growing constraints for truck transport delivery around curfews or other constraints as part of resource consents for sites. This is seeing trucks increasingly prevented in delivering in off peak times, and increases congestion. The impact of one store being constrained can be considerable, and may result in all deliveries for a region needing to be moved from an off peak to peak time.

While there is a certainly a move to increasing automation for driving, this is most likely not going to replace drivers in the medium term for deliveries

from distribution centers to stores. Factors that will create resistance to automation will be especially around: store docks challenges with rubbish, bins, pallets potentially needing to be moved to successfully deliver, the need to engage with the delivery location to get them to open and receive stock, security processes, assistance with unloading, returns of reusable packaging / pallets, securing loads and reusable packaging for next delivery (specialist driver skill) etc. Automation would only likely be competitive on long routes where there are specialist logistics teams and maneuvering space at either end and is a competitor for rail more than anything else.

There is also a trend around increasing stock holding to increase resilience. This may be short term due to COVID, but is expected to become a longer term trend to provide resilience. This has particular relevance for transport. Typically facilities have been sized for just in time supply, as a result extra stock holding has typically resulted in additional sites. These additional sites increase the cost, size and complexity of the freight tasks. This is compounded by the limited numbers of large commercial land available in strategic sites.

5 Which of the opportunities and challenges do you believe will be most important in shaping the future of the freight and supply chain system in New Zealand and why?

Please explain in the box below. :

To me there are two challenges are key for the successful transformation of NZ freight network:

Public pressure stopping the rationalisation of ports and rail network, due to misguided understanding of the impacts of the benefits from reducing the number of ports and rail lines. There is a need to educate people that investment needs to be to improve resilience, frequency and efficiency of the core offering and that a larger network coverage would undermine this. Reducing ports and rail options could appear to be undermining these solutions, however counterintuitively this will enhance their capability.

Delays or increased cost from the transition to biodiesel and then hydrogen, as a result of non-alignment in the sector, or the wider community, on the preferred approach. I have a firm and informed view that batteries are not the solution for freight (batteries are absolutely the right solution for light vehicles). I'm sure others feel equally informed (albeit wrongly) that battery electric solutions would be the right solution for freight. To be successful there needs to be scale for these solutions and this requires consensus and alignment. Scale will provide the fastest way to reducing cost, improving resilience and speeding adoption of these important technologies.

Part 3: Current vulnerabilities of the freight and supply chain system

6 Do you agree with the outlined vulnerabilities of the current system?

If not, please explain why:

Agree broadly, but seems to be missing a lot about rail and road vulnerabilities.

7 Is there any key information missing in understanding the vulnerabilities of the current system?

If 'Yes' please explain here:

There wasn't much information around the key vulnerabilities rail infrastructure.

Rail in NZ is incredibly vulnerable and increasing the resilience of it's core offering is critical to increase it's uptake. This may mean more double tracking, alternative routes for the main trunk line (i.e. a loop), electrification, simplification less routes, more often etc.

Part 4: Our proposal for developing a freight and supply chain strategy

8 Do you agree with the proposed outcomes? If not, please explain why.

Do you agree with the proposed outcome 1. Low emissions? - 1. Low Emissions - New Zealand's freight and supply chain system is underpinned by a low emissions freight transport system:

Strongly agree

If you have answered "Disagree" or "Strongly disagree" please explain why:

This will be the cornerstone of freight development in NZ

Do you agree with the proposed outcome 2. Resilience? - 2. Resilience - New Zealand's freight and supply chain system is resilient, reliable, and prepared for potential disruptions:

Agree

If you have answered "Disagree" or "Strongly disagree" please explain why:

If we are talking about resilience there should be reference to the warehousing, DC and hub infrastructure too as these are critical components of a supply chain.

I would also think there is value in articulating how this resilient and reliable network would be developed - core backbone service of rail and coastal delivering to regions and trucks servicing the regions.

I believe that framing up this goal with more specifics will help with the successfully delivering of it.

Do you agree with the proposed outcome 3. Productivity and Innovation? - 3. Productivity and Innovation - New Zealand's freight and supply chain system is highly productive and innovative, and performs well when measured against global standards:

Strongly agree

If you have answered "Disagree" or "Strongly disagree" please explain why:

The context around this mentions ports, but rail needs equal focus, if not more so.

Rationalisation of nodes will be key to achieving productivity increases.

Do you agree with the proposed outcome 4. Equity and Safety? - 4. Equity and safety - We transition to a low emission, resilient, productive and innovative freight and supply chain system in a way that is equitable and safe for all:

Disagree

If you have selected "Disagree" or "Strongly disagree" please explain why here:

I strongly agree with the detail provided around all of the equity, safety, skills, emissions other goals articulated however "ensuring regional economic development is maintained as our urban areas densify" is problematic. This potentially direct conflicts with the rest of the goals and objectives in this strategy.

Regional development is important but in my view should not be a key objective of a freight and supply chain strategy.

9 Are there more outcomes the strategy should focus on? If so, please explain what they are.

Please explain here:

I think there is value in building out some of the strategies with more specific objectives in mind, such as including more detail for a pathway to lower emission freight. This could draw on the SBC work that has already been developed. Other specific objectives could include specific objectives for the role of rail and coastal freight in the NZ domestic network.

10 Do you agree with the potential areas of focus for the strategy?

If not, please explain why:

Yes overall this makes sense and I see this as positive.

11 Which of these areas of focus would be most important to prioritise?

Type your answer here:

Low emissions for trucks - they will always be fundamental for freight

Resilience - particularly of the rail network

Productivity from the reduction of nodes (simplification) and there may be a land use aspect to this to enable large commercial logistics developments

12 What would successful stakeholder engagement on the development of the strategy look like from your perspective?

Type your answer here :

Successful engagement would be that the strategy is refined through this process with updates from stakeholders. A failed engagement would be that the strategy as presented was unchanged.

13 How could we best engage with Māori on the strategy?

Type your answer here :

The process from here

Provide further feedback

14 Any general feedback on the consultation

Add your comments, ideas, and feedback here:

In looking at the freight and supply chain issues it is critical to look at the total network solution, and as part of this the locations and capabilities of warehouses and distribution centers cannot be ignored. The entire supply chain needs to be considered, not just the transport legs. The hubs for activity where freight is consolidated, orders are picked, containers are devanned and products are cross docked are critical to the freight task. This paper seemed to be silent on these core activities.

New Zealand's domestic supply chains are increasingly becoming centered around Auckland, Christchurch and Palmerston North. These centers need to be serviced by a resilient, efficient and sustainable backbone of rail and coastal services. Once in the region trucks take over for the deliveries to stores and customers. This model needs to be supported and optimized to reduce cost and improve sustainability. Unfortunately due to the cost, service and resilience of rail and coastal for these backbone services, we see far too often road being used instead for this backbone, this is a failure of the NZ freight network. Improving resilience, reducing cost and maintaining service will take trucks off these routes. Heavy trucks will always be the key to delivering the goods from these hubs to stores / retailers and alternative fuels and hydrogen electric solutions will be the key to the sustainability of these services.

A further challenge is that there seems to be, from my perspective at least, a growing divide between importer and domestic freight and exporters. This gap creates further inefficiency in the NZ network with empty containers, trucks and ships moving creating cost and wasting resources. If this is correct this will be reducing productivity and increasing waste.

15 Upload supporting documentation

Upload documentation:

No file uploaded