

15 December 2023

Via: [Webform](#)

CC: COVID-19Inquiry@pmc.gov.au

Woolworths Group submission in response to the COVID-19 Response Inquiry consultation

Dear Sir/Madam,

Woolworths Group Limited (**Woolworths**) welcomes the opportunity to make a submission to the COVID-19 Response Inquiry's public consultation (the **consultation**).

We were founded in 1924 and have a proud history of serving Australian communities. We are one of Australia's largest retailers and private sector employers, with over 180,000 team members. We serve over 20 million customers each week nationwide across more than 1,250 Woolworths Supermarkets, Woolworths Metro and Big W stores. In addition, via Primary Connect, we operate the largest retail supply chain and logistics network across Australia and New Zealand.

We recognise our important role in the supply of food and essential goods to communities across Australia, noting the sustainability and security of Australia's food system is critical for our customers, supplier partners and our own business.

Impact of COVID-19 on customers, team and suppliers

We are proud to be trusted by such a large number of Australians for their food and everyday needs and as such, take our obligations to serve the communities we operate in very seriously. We also recognise that governments of all levels play a critical role in both the coordination of and response to events of national importance, be it pandemic or natural disaster. It is through this lens that we provide our feedback.

COVID-19 was an unprecedented and challenging time for us, as it was for many companies. We accepted - very early on - that it was not going to be business as usual and due to our footprint, our involvement in the national emergency response would be critical.

Over several weeks in March 2020, we saw surges in demand, which led to product shortages on our shelves. There is generally enough stock in supply chains to withstand a degree of fluctuation, but the demand surge at the height of COVID-19 was truly unprecedented. We experienced an increase in demand to levels that reflected a population of 50 million, albeit against the backdrop of a highly efficient system built to feed 25 million Australians.

The themes of this submission remain consistent with the sentiments expressed in our submissions to the Joint Standing Committee on Foreign Affairs, Defence and Trade *Inquiry into the implications of the COVID-19 pandemic* in June 2020 and the Department of Prime Minister and Cabinet's *Consultation Supporting Economic Resilience through Regulatory Responsiveness* in June 2022.

Specific feedback

Government engagement and the Supermarket taskforce and impact on us

We became a member of the Supermarkets Taskforce, coordinated by the Federal Department of Home Affairs and covered under an ACCC Authorisation. This was a critical initiative and collaboration across the industry enhanced the sector's ability to navigate through a period of deep uncertainty. It promoted the welfare and safety of our customers and teams and helped mould a cohesive industry voice to policymakers.

The ACCC Authorisation assisted significantly in these unique circumstances. It enabled consumer access to products in remote and rural areas in cooperation with Metcash. It also allowed retailers to align on appropriate product limits and store operating hours, all of which was essential in managing demand surges. Additionally, authorised meetings with an extended group, including industry associations and third party logistics operators, were important to address the emergency situation.

The Commonwealth's convening role of the Taskforce was a success. However, some States and Territories still operated independently without drawing on the experience of other States. While it is understandable there may be tailored responses in each State, we would welcome more consistency in rules once practices were tried and tested as safe. The delay from some jurisdictions to adopt practices that were tried, tested and proven in other jurisdictions led to a build up of issues that impacted the recovery of our supply chain, as COVID-19 moved across borders.

Key examples of this included:

1. Variations in **Test, Trace, Isolate and Quarantine (TTIQ)** requirements and definitions of freight protocols between jurisdictions. This contributed to high rates of absenteeism (as high as 60%) and intense pressure on teams to keep up with changes between jurisdictions.
2. Early adoption of **Rapid Antigen Testing at Distribution Centres (DCs)** was a measure that took several months for certain jurisdictions to accept as a practicable way to keep COVID-19 out of our sites, even though its efficacy had been proven in other jurisdictions.
3. Implementation of the **National Freight Protocol** varied across jurisdictions, including testing frequency for truck drivers, variations to worker definitions and vaccination status. This led to delays in freight and uncertainty for drivers crossing borders, compounding supply chain impacts.

Recommendation 1: Given how critical the Supermarket Taskforce was to ensuring effective and timely responses, we would recommend reconstituting the taskforce - with the benefit of an ACCC authorisation if required in the circumstances - to assist with management of any similar event.

Recommendation 2: As a priority for future responses should be the development of national, consistent protocols to provide greater certainty about the rules for businesses, specifically small and medium sized businesses, and individuals, to ensure they are able to respond to and comply with future orders.

Keeping our teams and customers safe

The physical and mental health and safety of our customers, team and business partners is a top priority. As an industry, the food and grocery sector was able to demonstrate that increased safety measures, such as the use of 'smart badge' technology to monitor social distancing, split shifts for our teams to reduce opportunities for transmission during change-over times, contact tracing and

temperature checks on site, made workplaces like supermarkets a safer place to work. As such, this should be considered in future health events.

In addition to the many physical safety measures initiated in our stores, centres and support offices, we supported our team's physical wellbeing in other ways, including the temporary introduction of **paid coronavirus leave**. We also strengthened our zero tolerance to abuse policy - enhancing team training and messaging about abuse to support a safe work and shopping environment in our stores.

Like all Australian grocery retailers, we aim to provide the food and essential products to cater to our customers' needs. In the spirit of fairness for all Australians, we made some changes to our ordinary operations during these challenges including:

- priority assistance home deliveries for the elderly, people with disability and those in isolation;
- establishing a dedicated 'community hour' to allow the elderly, people with disability and later, frontline workers, priority access to our stores at select times; and
- bulk orders for vulnerable cohorts, including requests by government and community groups.

Mechanisms to better target future responses to the needs of particular populations

We have over 400 stores in regional areas, with around 18 of these locations being near remote indigenous communities, namely in Western Australia and the Northern Territory.

During the height of the pandemic we worked with other retailers (with the ACCC interim authorisation), wholesalers and community corporations to ensure the continuity of food supply into remote communities. This support included moving around 4,000 boxes of essential supplies within 24 hours to remote communities, a donation of 100 tonnes of non-perishable groceries to the NSW Aboriginal Land Council and supply coordination with stores in remote communities for months following initial lockdowns. Early and targeted action was critical to ensuring continuity of supply to communities.

Recommendation 3: The Commonwealth, as part of a rapid response plan, establish a cross sector working group to specifically provide critical goods to remote indigenous communities.

Recommendation 4: Ensure the Roads to Recovery program considers, as part of its funding, the construction and maintenance of road infrastructure critical to food security in remote communities, prioritising projects where a lack of supply routes could hinder the safety and wellbeing of communities through isolation.

Key health response measures - Personal Protective Equipment

Protecting our team has always been a priority and clear focus throughout COVID-19. We equipped our team with the necessary Personal Protective Equipment (PPE) including readily available surgical masks. We also moved swiftly and ordered stock appropriately at the time.

As we moved away from mask requirements, we were in the position of having thousands of masks and Rapid Antigen Tests (RATs) marked as out of date and had to manage disposal appropriately with our suppliers. There may be future need for masks and would welcome government involvement in driving the sustainable growth of domestic manufacturing and end of product life management.

Recommendation 5: To develop a framework with industry to quickly identify the requirement of and ability to produce sustainable options for PPE that do not require use by dates during future health events.

Supply chain resilience: Distribution Centres, workforce requirements and flexibility for supermarket deliveries

Through our supply chain arm, Primary Connect, we operate 21 DCs nationally¹, with most dedicated to moving food and groceries to communities nationwide. Their unencumbered operation was critical for food security, particularly as demand for goods was elevated across the community.

Rigorous health and safety measures to protect our 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 our teams to reduce opportunities for transmission during change-over times; contact tracing as well as daily RATs; and temperature checks on site.

While the criticality of DCs was later recognised by health agencies, in the first year of the pandemic, workforce caps reduced our DC workforce by up to one-third in some jurisdictions, exacerbating on-shelf shortages. The caps were designed to respond to transmission events within meatwork processors - which are very different working environments to DCs, particularly in terms of social distancing - and did not take into account the rigorous health processes and countermeasures the supermarket sector had implemented within their DCs.

Flexible and extended delivery curfews were also critical to support the supply of goods and services to customers over this period. Allowing 24-hour deliveries in States like NSW allowed peaks in demand to be managed. In NSW, 24-hour deliveries have continued in commercial and industrial zones following analysis by the NSW Productivity Commission and Department of Planning which found there was a net public benefit. This provides greater certainty for the industry rather than managing different curfews across council areas, and it should be adopted consistently across other States. There remain further productivity opportunities to address noise regulations in the EPA guidelines to fully deliver on the productivity opportunity.

Border crossings for freight were a significant challenge as inconsistent practices between jurisdictions created uncertainty for drivers. This uncertainty created high levels of stress for drivers, not knowing whether they would be able to return home or continue driving to earn a living. As a result, many drivers refused to take interstate loads, threatening critical supply chains, including food. To overcome this, a National Freight Code was developed and introduced, which created greater clarity, but implementation by jurisdictions remained inconsistent, especially early on in the pandemic.

Over the COVID-19 period, there was clear and productive communication between industry and government. This ensured problems could be raised, solutions suggested, and regulatory changes made where needed. This was strengthened through greater coordination across Government, with departments using their respective expertise to contribute to policy changes through regular and consistent governance necessitated by the pace of change the pandemic caused.

Recommendation 6: Recognise the importance of DCs as critical nodes in food supply and ensure this guides policy responses to future events. The government should seek to establish the appropriate consultation mechanisms with industry to ensure the impact of regulations reflects practical business operations, particularly in with regard to critical infrastructure.

¹ There are 21 DCs in the Woolworths networking excluding 3PLs

Preparing for future pandemics or natural disasters - Lessons learnt from Western Australia and Northern Territory rail outages

Continuous investment in the resilience of national supply chains will remain an essential component of government contingency planning. The 2022 Western Australia (WA) and Northern Territory (NT) rail outages demonstrated how natural disasters could further impact a supply chain under pressure due to factors related to COVID-19. While rail outages regularly impact the supply chain to WA, the scale of the outage in January and February 2022 was significant due to a number of factors, including:

- the scale of flood damage lengthened the duration of the outage to more than three weeks;
- surge buying triggered by the anticipated reopening of the WA border (later delayed);
- significant pressure on transport networks due to absenteeism on the eastern seaboard; and
- floods in South Australia which saw a lengthy outage of the main train line and major road connection to Darwin (requiring a re-routing of deliveries to the NT via Townsville) concurrently.

Normally, around 80% of what we bring from interstate to WA comes by rail, so the outage represented a big challenge, particularly as it was compounded by existing COVID-related team shortages in the Eastern States. In practical terms, we generally carry about 20 days of additional stock in WA to accommodate potential rail outages. Our contingency plans of using road and sea freight to substitute for this only covered approximately 20% of the weekly shortfall.

The Supermarket Taskforce swift action to shift to focus on WA and to work collaboratively with the WA Government is to be commended. The ability to work in close partnership with key logistics and transport partners, as well as the Federal and WA Governments, to find practical ways to increase the flow of goods was imperative. Those solutions included more coastal shipping capacity, the temporary approval of triple road trains and the establishment of a 'land bridge' across the Nullarbor.

The Bureau of Infrastructure and Transport Research Economics' (BITRE) Road and Rail Supply Chain Resilience Review – Phase 1 report released in February this year provides important data to inform further work on infrastructure resilience. This phase 1 report has found that there are ways to lift the resilience of Australia's critical infrastructure in the face of changing risks. The report utilised the CSIRO's Transport Network Strategic Investment Tool (TraNSIT) to identify and assess 52 critical road and 13 critical rail supply chains from the National Key Freight Routes (KFRs). KFRs are determined due to their importance to local supply routes or pathway to markets, volume use, value and proportion of essential commodities.

Many of these routes identified correspond with routes where we have experienced outages in the past financial year, and in many cases these routes intersect with supply chains to communities in which we operate and service across regional Australia, as well as long distance links between States. Two examples include the Trans Australian railway (ARTC) both WA and SA routes and parts of Far North Queensland rail (Queensland Rail) that have been identified as very high/highly vulnerable to outages and are critical routes in our supply chain. To mitigate the risk of outages, we are expanding inventory capacity at our Perth Distribution Centre (DC) and have expanded our Townsville DC and utilised sea and road freight where possible.

The implementation of the interstate freight protocol, including prioritised access to coastal shipping, during the Pandemic was vital. We were able to ship around 200 40-foot containers during this period. We have since undertaken our own review of how we utilise sea freight and improved our processes and familiarity with this mode to ensure we can deploy it more rapidly in future. State Government and

NHVR approvals to allow B-Triple road trains and B-Doubles onto key routes in both South Australia and WA - and in NSW and QLD to support access into the NT - was critical. During a time of major truck driver and food and grocery shortages, these changes meant we were able to continue to provide enough essential goods to support impacted communities. Greater alignment in road and freight regulations between states improves the efficiency of national supply chains and this is highlighted in a time of crisis.

Recommendation 8: Given the critical role of Coastal Sea Freight between the Eastern States and WA, we would recommend the government support this shipping route to ensure shipping continues to be a viable alternative mode to rail.

Recommendation 9: Government consider the option for deliveries via B-Triple road trains and B-Doubles closer to major metropolitan centres in times of major truck driver or food and grocery shortages.

Recommendation 10: Infrastructure Australia to consider advice provided in the Bureau of Infrastructure and Transport Research Economics' (BITRE) *Road and Rail Supply Chain Resilience Review – Phase 1* report to inform investment in rail and road freight resilience.

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We appreciate the time and effort the Inquiry panel and the Department of Prime Minister and Cabinet has taken to review our submission on this important matter.

If you would like to discuss any aspect of this written submission, please contact [REDACTED] Reputation and Public Policy Manager via [REDACTED]