



Australian Government

**Department of Infrastructure, Transport,
Regional Development and Communications**

Mr Darrell Channing
Director
Competition Exemptions
Australian Competition and Consumer Commission
GOP Box 3131
CANBERRA ACT 2601

Via exemptions@accc.gov.au

8 April 2022

Dear Mr Channing

Coles Group Limited – Application for re-authorisation AA1000606 – Interim authorisation decision and interested party consultation

I write in relation to the abovementioned application for re-authorisation. The Department of Infrastructure, Transport, Regional Development and Communications (the Department) welcomes the opportunity to provide a submission as part of the ACCC's consultations on this matter.

The Department and other government agencies have been working closely with the transport, freight and logistics sector throughout the COVID-19 pandemic to ensure the continued free movement of critical freight and essential goods.

The pandemic has caused ongoing negative impacts on supply chains across a range of industries, including the food and grocery sector. The *Freight Movement Code* and *Protocol for Domestic Border Controls* were developed when Australian state and territory borders were closed in the early stages of the pandemic. The Code and Protocol enabled the free movement of transport workers (subject to certain health measures) to ensure freight, including food and groceries, continued to move across state and territory borders at a time when the broader population was restricted in its movements. As borders have now re-opened, the Code and Protocol are currently not in operation. The Department has worked through its Land Transport COVID-19 Forum to ensure the Code and Protocol are up to date and ready to be reinstated, if necessary.

The food and grocery sector is critical to the Australian economy, and confidence in supply is a key component of economic recovery. At the height of the Omicron outbreak in January 2022 the food and grocery sector, including distribution centres, reported up to 40 per cent absenteeism. Some transport companies reported up to 25 per cent absenteeism among truck and train drivers. This was the result of positive COVID-19 cases and the treatment of close contacts at the time.

On 13 January 2022, the National Cabinet adjusted the treatment of close contacts in the transport, freight and logistics sector, among others. The transport sector has since reported a stabilisation of impacts from COVID-19 on truck and train drivers. While there is the possibility of a surge in positive

COVID-19 cases over the winter period, and absenteeism may continue to impact supply chains, the current trends indicate a moderation in the level of disruption to freight from the COVID-19 pandemic.

Beyond COVID-19, other disruptions have impacted on, and continue to impact, supply chains. These include shortages of Diesel Exhaust Fluid in late 2021-early 2022, and severe weather events and associated flooding in South Australia impacting supply chains to Western Australia and the Northern Territory, and flooding in southern Queensland and northern New South Wales. The ability of government, primarily through the work of Emergency Management Australia, to bring key parties together to share information and coordinate responses to these disruption events has been critical to coordinating mitigation and response activities. The participation of the food and grocery sector in national coordination meetings has been an essential part of this response.

The Department's participation in these coordination activities indicates there have been compounding impacts from the multiple and concurrent supply chain shocks on the food and grocery sector. The compounding effect is likely to extend the time period for the grocery sector to recover and to restock warehouses and stores that have been affected by these shocks. In these circumstances it would appear appropriate for the authorisation to operate in response to issues arising from or exacerbated by the COVID-19 pandemic.

The Department notes Coles has applied for re-authorisation on behalf of the Participating Supermarkets until 31 December 2023. The Department notes that, on 11 March 2022, the National Cabinet noted Australia has largely transitioned to Phase D of the National Plan, with states and territories and the Commonwealth considering removing the remaining restrictions in the coming months, subject to continued public health advice. The Australian Government has also announced the Biosecurity Determination relating the COVID-19 will not be renewed when it expires on 17 April 2022.

Our experience working with the sector through disruptions caused by COVID and its response, coupled with disruptions caused by major natural disaster event/extreme weather events, has shown the importance and utility of having coordination and cooperation mechanisms across the sector and between the sector and Government that can be activated in times of disruption. While the Department would support having such arrangements available, the Department understands that this must be balanced against other considerations.

Yours sincerely,

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A/g First Assistant Secretary
Surface Transport Policy Division
Transport Group