



AUSTRALIAN LOGISTICS COUNCIL

Retail Logistics Supply Chain Code of Conduct

Guidelines

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DEFINITIONS

“ALC”	means Australian Logistics Council Inc.
“ACCC”	means the Australian Competition and Consumer Commission
“Auditor”	means an auditor registered with RABQSA
“Baseline Audit”	means initial audit conducted after becoming a signatory to the Code
“Code”	means the Retail Logistics Supply Chain Code of Conduct
“Compliance Review Audit”	means regular audit against the Code
“RLSC”	means the Retail Logistics Supply Chain comprising suppliers, retailers and carriers
“Triggered Audit”	special purpose audit of a signatory called for by another signatory that has a contractual relationship with the organization with concerns about compliance to a specific aspect of the Code
“AFGC”	means Australian Food and Grocery Council

1. INTRODUCTION

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, while 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 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 distribution centre) or by the retailer (especially in the case of goods moved between the retailer's distribution centre 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.

This 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 chain

against the relevant standards and regulations, but it should also induce higher standards of accountability and good practice within the industry.

2. PURPOSE OF THE CODE

The ALC has facilitated this Code. The Code is aimed at establishing enforceable operational guidelines covering logistical interaction between those in the RLSC in relation to the carriage of freight by heavy vehicles. 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 RLSC to manage their obligations under the relevant road transport laws and occupational health and safety legislation.

3. SCOPE OF THE CODE

The Code will have 2 classes of signatory. First, participants in the RLSC will have the status of participating signatories and will assume 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 has obligations to administer the Code within the terms of these Guidelines. Apart from these obligations all references to signatories in these Guidelines may be taken to apply to participating signatories only.

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 regulation concerning driver fitness.

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.

4. STATUS OF THE CODE

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

It is emphasized that compliance with the Code will not necessarily guarantee compliance with the diverse range of regulation throughout Australia. Participants in the RLSC must identify the relevant regulation applicable to their operations and comply with it. .

This Code:

- (a) 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
- (b) is not intended to be an "industry code" for the purposes of Part IVB of the Trade Practices Act.
- (c) 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.

5. ADMINISTRATION

The ALC is the custodian of the Code on behalf of the signatories. Its role is to

- Ensure currency and relevance (the ALC will review the Code annually);
- Promote wider acceptance of the Code and facilitate participation in the Code for any other party in the RSLC;
- Consult with stakeholders.
- 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.

6. SUPPLY CHAIN POINTS OF CONTROL

The Responsibility matrix as attached to the Guidelines identifies different roles each party may play in the RLSC.

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.

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

7. AUDITING

Each Code signatory shall arrange to have a Baseline Audit conducted within 180 days of signature and thereafter a Compliance Review Audit shall be conducted on an annual basis for the 3 years following signature. Thereafter, provided satisfactory results have been achieved, an audit will be required once every 2 years unless a Triggered Audit is required. Each signatory shall advise the ALC when each audit has been completed and the name of the Auditor. ALC will maintain a register of these details to which signatories to the Code will have access.

Baseline and Compliance Review Audits shall be carried out at the expense of the party being audited. Triggered Audits shall be carried out at the expense of the party calling for the audit unless other arrangements are agreed in the contract between those parties.

Whilst the content of such audit reports shall remain confidential between the signatory and the auditor, each signatory has an obligation to advise the ALC of any general matters or issues arising out of any audit report which might be relevant to any change in the Code or the Assessment Tool or Responsibility Matrix. Indeed each signatory is encouraged to advise the ALC of any matters or issues arising out of day to day operations which may be relevant. The ALC encourages open dialogue with all signatories.

Audit Process - the basis for auditing should be the assessment tool. Audits are to be carried out by Auditors who are registered with the RABQSA. The assessments tool is designed, to assist each party to conduct a self assessment, to establish whether they believe that they comply with the requirements of the matrix.

In addition to completing the assessment tool to rate their own level of compliance they will then complete the assessment tool but rating their perception of their partner's performance e.g. a carrier will rate itself , then rate its partner and then the DC (as if responsible for the DC). The DC will rate its level of compliance and then rate the carrier (as if it were the carrier).

The tool will be used by each party to rate themselves and to rate their partner's performance. When both parties have completed the assessment tool they will jointly review their rating and the rating their partner gave them. Any gaps or anomalies will be identified and action plans developed to enable a comparable rating.

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

(Consignor / Vendor) < > (Carrier) < > (DC / Store or Consignee)

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

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 i.e. that each item has been closed out to the mutual satisfaction of the related parties in the chain.

The assessment tool when used for auditing should include provision for each party to sign off to confirm that the appropriate actions have been completed or commenced (with timelines for completion) and that the action was deemed fair and equitable by both parties.

The Auditor must be satisfied that appropriate measures have been taken to confirm compliance or that work towards compliance with the Code has commenced e.g. that agreed action plans have been put in place and that any timelines have been meet.

The Auditor will be required to confirm that processes exists, agreed to by both parties, which demonstrates that both parties agree that each parameter in the matrix has been closed out successfully i.e. both parties agree that any action taken to establish compliance was fair and equitable.

The Auditor will be required to validate the operation of the process as evidence of compliance with the code e.g. documented evidence of policies and critical processes e.g. Fatigue (sight completed Safe Driving Plans).

The Auditor will submit a report detailing all non- conformance to the party that commissioned the audit.

8. 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.

9. 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 Code compliance.