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Supply chain links vital to essential supplies

Supply chain links vital to getting essential supplies where they need to go must be allowed to work if trucking companies are to survive long enough to meet the demands of the Covid-19 response, Road Transport Forum (RTF) chief executive Nick Leggett says.

“As is appropriate, there is a strong focus on what is a health crisis and it is good to see the tremendous resource going into that,” Leggett says. “That is rightly the focus of the response.

“However, decisions are being made that adversely impact the movement of goods and the financial viability of companies that will be essential to any recovery.

“While response is underway, there must also be planning for how we are going to get out of this and not have the economy collapse completely.

“The Government’s decision to classify freight into two arbitrary groups – essential and non-essential – shows a lack of understanding of what is an integrated global system.

“You take one link out, and the whole chain starts grinding to a halt. Our trucking operators are seeing that. The burden is on them to keep essential supplies moving, but because of rules set on the fly, they may not be able to and may go out of business.

“As an importing and exporting nation, that is a system of give and take. A ship comes in with what we want, and goes out with what our trading partners want.

“At the moment, those ships are not being allowed to take out of New Zealand goods deemed ‘non-essential’ so there is the possibility they will be reconsidering coming here.

“Those ships make a return journey laden with logs. But the forestry industry has been deemed ‘non-essential’ so logs are sitting on ports both here, and in China, deteriorating to the point that no one will want them.

“And goods coming in containers deemed ‘non-essential’ have to be moved off the port and stored somewhere. If they can’t be unloaded from the container for the four weeks of the lockdown, that comes at a cost of around \$50,000 for keeping the container that needs to go back into circulation for the supply chain to flow.

“If the goods can’t be moved from the port, there is a high cost to that both in dollar terms and in the efficiency of port movements.

“All freight needs to be free to move. The essential/non-essential distinctions present significant economic viability issues for those freight companies operating within essential services constraint.

“The Government wants petrol delivered, but consumption is down by 80 percent. So the companies that move fuel are trying to keep their employees with significantly reduced workloads.

“There are examples all through the supply chain and there are companies that may not make it through this four week lockdown and have the cash reserves to just pick up and return to business. This will affect New Zealand’s economic recovery.

“We know that it is vital that items deemed essential move quickly through the supply chain, and priority should be given to them. However, for the supply chain to actually function now, and during our nation’s economic recovery, the classification to control its movement should be scrapped.”

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About Road Transport Forum New Zealand (RTF)

RTF provides unified national representation for several regional trucking associations. RTF members include Road Transport Association NZ, National Road Carriers, and NZ Trucking Association. The affiliated representation of the RTF is about 3,000 individual road transport companies which in turn, operate 16-18,000 trucks involved in road freight transport, as well as companies that provide services allied to road freight transport.

The road freight transport industry employs 32,868 people (2.0% of the workforce), has a gross annual turnover of \$6 billion, and transports 93% of the total tonnes of freight moved in New Zealand.