



2023 Independent Toll Review

July 2023

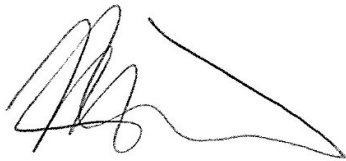
Freshmark Independent Toll Review

About Freshmark

Freshmark is the trading name of the NSW Chamber of Fresh Produce Limited, which is dedicated to improving the central market system, helping wholesalers, growers, retailers, providers, transporters and the wider fresh produce sector achieve and maintain profitability.

Freshmark is based in the heart of Sydney Markets, the largest central market in Australia, transacting approximately \$3 billion in produce per annum.

For more information about the details in this document, please contact the following:



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Issues and considerations

1. The produce sector is an essential service.

Access to fresh, healthy, affordable produce is critical to the wellbeing of every person in NSW. Governments of every political persuasion and at every level encourage Australians to buy and eat locally grown, fresh produce. In considering how road tolls should be applied to businesses in the fresh produce sector, it is important to recognise the essential nature of what we do.

Current toll categories do not accommodate this distinction between businesses in our sector and those in other commercial sectors that are not essential to the health and wellbeing of our state's citizens.

Recognising fresh produce businesses as essential services, and responding accordingly on toll charges, will help ensure that fresh produce is not considered a luxury because it is unaffordable. With food representing [close to 10%](#) of most household budgets, there is evidence that when cost of living pressures rise, consumers begin to take fresh fruit and vegetables off the shopping list. About 40% of respondents to the Finder Cost of Living survey listed grocery prices as a key cause of financial stress. Where we can ease pressure on essential businesses that might otherwise have to pass on input costs to consumers, we should.

2. Transport is a critical element in the fresh produce supply chain.

In our urbanised environment the vast majority of people rely on produce that is grown in one place, transported to a wholesaler or other point of sale, moved to a retail environment or restaurant, and purchased and consumed in a place distant from where it was grown. Transport represents a huge proportion of input costs for most businesses represented by Freshmark, and tolls in turn make up a significant proportion of overall transport costs.

This is true across the entire sector, but is especially so for providores, and to a lesser extent independent grocers. These businesses are picking up and delivering fresh produce every day, including weekends and public holidays when other input costs including labour are drastically increased.

As just one example, we are aware of a providore business with a **current annual toll bill of \$72,000.**

3. We rely on the full breadth of the toll road network.

The nature of our members' businesses means there is no alternative but to traverse virtually every part of the toll road network, often multiple times per day, clipping the ticket on every trip.

There is limited scope for our members to adjust their delivery patterns to access tolling discounts for off-peak use, especially for providores whose hours are impacted on one side of the equation by the availability of produce in the market, and on the other by the preparation schedules of restaurants and other outlets.

4. Capacity to absorb increasing input costs is constrained.

We are an industry that operates on very narrow – and sometimes negative – margins. Wholesale prices can rise and fall very sharply and very rapidly, sometimes beyond the limits of consumer price elasticity.



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For example, tomatoes were recently as much as \$75 per 10kg box at wholesale, meaning all participants in the supply chain had to accept small or non-existent margins. Sometimes the consumer absorbs the increase. Often, though, it is absorbed back up the supply chain, all the way to the grower.

In this instance, when supply increased, instead of normalising to around \$40 a box, the price of tomatoes crashed to closer to \$20 per box, eliminating the possibility of recouping losses. In a business environment where there is already so little give, ever-increasing toll costs are difficult to absorb.

This is a common scenario, not an outlier. In other sectors it may be acceptable to lose a proportion of businesses due to challenging profit scenarios but this is not the case in our essential sector. Without a vibrant fresh produce sector, access to food could become compromised.

5. There is no realistic alternative to road freight.

Not only are non-toll roads not a viable option, neither are non-road transport options a solution. There are only two freight rail lines that traverse Australia. During recent bad weather, they were both rendered non-operational, pushing goods onto an already busy road network. Intra- and interstate airfreight are costly options well beyond the reach of most of our member businesses, and in any case road infrastructure is still essential to take produce to and from airports.

What we'd like to see

We recognise that tolls are a necessary challenge of doing business in a large urban environment, and that all business sectors will have a claim for relief. We accept that these roads are an important part of connecting the city, suburbs and arterial roads that connect us to our suppliers and customers, but with the number of toll roads only increasing, some form of toll relief for our essential sector is important.

Ultimately, we seek an approach to tolls which is fair, reasonable, and reflects the critical nature of what our members do. With this in mind, we seek consideration of:

- Toll exemptions or concessions for the transport of fresh produce
- A rethink of the way toll road users are prioritised and categorised. Commercial operators have missed out on concessions while private vehicle users are offered rebates or free registration.
- Greater recognition that not all trucks are heavy vehicles that cause the greatest damage to road infrastructure. Tolls should better reflect a cost:benefit analysis.
- A toll structure that does not penalise our members for their unavoidable need to utilise the entire toll road network, perhaps based on network pricing rather than section pricing or capped pricing or rebates.
- Consideration around how peak and off-peak pricing structures affect businesses with limited capacity to alter their hours of operation and no real alternative to toll road utilisation. Adjustment of peak and off-peak timing has the potential to largely address the challenges of our members and it would be helpful to also consider the application of well-considered time-of-day charging across toll roads that currently have only flat rates.



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