19 February 2019
Submission to the OnDemandInquiry@ecodev.vic.gov.au

Dear Sir/Madam,

We, the Communication Workers Union, Victorian Branch, would like to present some examples for this inquiry related to Australia Post as they have significant relationships with many companies involved in the ‘on demand’ and ‘gig economy’ in the area of parcel logistics.

AMAZON
Amazon Australia is a large customer of Australia Post and they mainly use labour-hire (Adecco) in Victoria to staff their warehouses with almost 100% being insecure casual workers. Many articles have been written highlighting poor working conditions in their warehouses worldwide. For example workers that ‘felt under unsustainable pressure to meet performance targets or they will lose their jobs’. [https://www.smh.com.au/business/workplace/in-amazon-s-landscape-workers-face-insecurity-and-crushing-targets-20180907-p502ao.html](https://www.smh.com.au/business/workplace/in-amazon-s-landscape-workers-face-insecurity-and-crushing-targets-20180907-p502ao.html)

The union and most likely the community in general do not want Amazon setting up their business in Australia as they have in the US and UK. According to The Economist, “…the very presence of Amazon warehouses in a given area may drive down local warehouse wages...which cited declines of more than 30% in Lexington county, South Carolina, 17% in Chesterfield, Virginia, and 16% in Tracy, California. Amazon also appears to have a negative impact on job growth: The company “employs just 19 people per $10m in sales, compared to 47 people per $10m in sales at local brick-and-mortar retailers”, the Institute for Local Self Reliance wrote in 2015. “This means that as Amazon grows and crowds out other businesses, the result is a net decrease in jobs.” [https://www.theguardian.com/commentisfree/2018/jul/08/amazon-jeff-bezos-unionize-working-conditions](https://www.theguardian.com/commentisfree/2018/jul/08/amazon-jeff-bezos-unionize-working-conditions)


In the US, Amazon recently unveiled their ‘Delivery Service Partners’ program designed so entrepreneurs can run local delivery networks of up to 40 vans. If Amazon cannot negotiate as favourably as they hope to with the existing parcel companies such as Australia Post, they will likely set up a last-mile delivery venture here, (an Uber type operation) which will not improve safety, pay or conditions for drivers. [https://www.cnbc.com/2018/06/27/amazon-is-recruiting-entrepreneurs-to-start-delivery-networks.html](https://www.cnbc.com/2018/06/27/amazon-is-recruiting-entrepreneurs-to-start-delivery-networks.html)

This obviously opens up problems such as the workers connected with Foodora experienced which negatively impacted many. Tony Sheldon Ex-National
secretary of the TWU said “Ever since they arrived in Australia, Foodora, like other food delivery companies, has denied its riders fair rates, superannuation, workers compensation, annual leave, the right to collectively bargain and even forces them to work shifts for no pay at all.”

The CWU Vic expects Amazon may also try to dodge workplace laws as they do not like to directly employ their workforce. They enjoy limited responsibility, mainly relying on labour-hire companies and have been accused of treating workers as disposable. We believe Australians want delivery and Postal workers to be treated with dignity and respect and we need more robust laws to protect them.


Although pay and conditions for the Parcel Drivers at Australia Post are not favourable, a larger share of the work is now being taken up by full time Posties and Van Drivers. The CWU Vic has been promoting and lobbying for this as permanent employees are better protected and in receipt of superannuation and the proper entitlements that we have fought for over many years. If Amazon set up their last-mile delivery here using ‘entrepreneurs’, sub-contracted parcel drivers remuneration and conditions will be further eroded and they will be much worse off than even their present circumstances.

AUSTRALIA POST CONTRACTORS

Our main area of concern is the Parcel Delivery drivers delivering parcels for Australia Post. This area of work was contracted out in 1999 and remains largely unregulated. Both Australia Post and some ‘head contractors’ can be accused of exploiting these ‘sub-contractor’ workers.

Originally, these contracts were taken up by single owner-drivers. Over time they have evolved into head contractors utilizing many ‘sub-contractors’ (they actually appear to be employees). It is no longer a family type operation with some employing from 60-100 people. Often these drivers forgo the wages, conditions and safety enjoyed through enterprise bargaining by direct Australia Post employees, although they are wearing the uniform, displaying the logo and the public perception is that they are employed by Australia Post.

Most are paid on a ‘per parcel’ rate which rarely equates to the minimum wage under the Road Transport Distribution Award. This ‘per parcel’ rate includes primary sorting of parcels into individual rounds, scanning parcels into a hand held device then scanning once again to obtain signatures on the device from customers, time driving longer distances out to their rounds (as the parcel centres get more centralized), wear and tear on their vehicles and higher costs of petrol/insurance/servicing/tyres etc.

The most common rate (based on union’s interviews with drivers) is $1.25 per parcel (many are paid much less) for an individual driver. This is outrageous and certainly not within minimum wage standards when providing their own vehicle.

Many drivers are forced to work even when they are ill and have no chance to take even unpaid leave as they can be threatened with dismissal. Some are recent migrants and other vulnerable workers like short-term overseas visa holders. Overall only a minority of drivers are in receipt of superannuation payments, underpayments are occurring, forced overtime with no relevant
overtime payments and many are not covered by workers’ compensation. We have also found that the health and safety standards are lacking and until recently there has been very little attention paid to these serious shortcomings.

CRIMINAL PROCEEDINGS
This union put the spotlight on these matters when in 2015 we referred one of the larger parcel contractors to the Australian Federal Police. Oz Trade and Services P/L principal Bobby (Baljit) Singh was convicted of running sham vocational training facilities in Melbourne for International and Australian students and sentenced to six years in prison. His associates Rakesh Kumar, Mukesh Sharma and Rekha Arora also received prison sentences, with Ms Arora released on a $5000 bond. While investigating underpayments to subcontracted postal drivers, the CWU uncovered a shocking multi-million dollar immigration racket including illegally employing foreign students and charging them fees up to $10,000 for Business and IT tuition they never received, instead sending them out to work delivering Australia’s letters and parcels. Please see https://www.abc.net.au/news/2015-08-05/contractors-raided-in-australia-post-investigation/6673555


Australia Post insists that they are not responsible for these workers and yet they dictate changes to their work practices and even direct contractors to withdraw drivers’ ‘authorities to deliver’ for misdemeanors (i.e. sack them). There is no appeal system available as there is for corporate employees. This is disrespectful and unfair. Australia Post does control these workers and the union’s position is that they are Australia Post’s responsibility.

Many drivers work long hours to make enough to live on. This is especially true at peak times such as Christmas and big retail sales, with some customers and online businesses expecting same day delivery. They may start work at 4am and continue until 5pm or beyond. Having to clear all the parcels on the day, regardless of the workload, leads to ‘forced over-time’ with no extra compensation whatsoever. At these times the pressures are enormous. Working faster can compromise safety as there are set times that undeliverable parcels must be returned to Post Offices so customers can collect them and the more parcels drivers have to deliver, the harder this is to manage.

In 2012, a group of parcel drivers asked the union to collect superannuation for them. The contractor’s response was to sack the member who he believed brought this to our attention. The union sought and won a Federal Court injunction in front of Justice Tracey to reinstate him. We also won back pay and superannuation for the drivers. The head contractor then assigned the contract to his partner who also tried to sack our member. We took action once again but our member decided to take a settlement in this instance and sever the employment relationship.

The head contractors usually settle when we chase underpayments, however we sometimes get to lodge in the Magistrates Court. For example one decision in favour of the employees meant they were owed formal written notice and redundancy payments under the Road Transport Distribution Award and the NES. This contractor subsequently went into liquidation and avoided paying the redundancy monies.
The union also became aware of illegal phoenixing activities by some companies and alerted Australia Post to this practice who appeared to be either negligent or deliberately turned a blind eye. One example is where a principal contractor went into liquidation in December 2012 owing $185,000 which included some superannuation entitlements and wages. The contract was eventually re-assigned by Post to another company owned by the same Director!

In summary, we recommend that:

1. these ‘gig economy’ companies must come into line with and be held accountable as actual employers – they must engage and work with unions and negotiate Enterprise Bargaining Agreements. Payment of proper wages, entitlements, holidays, superannuation and offering all protections due to permanent and casual employees is what all Victorians need and deserve.
2. We recommend that Amazon not be allowed to set up business in Victoria as they have in US/UK where they are using unprotected ‘entrepreneurs’ owner drivers to deliver parcels (Amazon Flex).
3. We recommend that industrial laws regarding contracting and sub-contracting laws are tightened so companies cannot hide behind them in order to diminish their responsibilities to Victorian workers.