

November 24, 2013.

Senators,

I am a parcel delivery contractor to Australia Post.

I am not sure if this I covered under the terms of reference for the current enquiry, but if not, perhaps it could be added.

The current process that is used when Delivery Contracts are due for renewal is grossly unfair and intimidatory.

When a contract is due for renewal, the incumbent is offered the opportunity to renew without going to public tender. However; the process is simple, the contractor is offered a new contract with the pricing set 20-30% below the current rate, and told to either accept it or go to tender. There is no negotiation involved, simply take it or leave it.

One instance also required the contractor to put on an additional vehicle and driver, but still accept the reduced contract. He tried, but after losing \$1,000 per week simply had to withdraw or go broke. Despite attempts to negotiate he was rebuffed at every contact. Eventually a city based contractor was moved in to do the job, whether or not at the same offered rate or not is not known.

In my own case the renewal preceded the current method, and there was some negotiation, but only when I came down to their figure was the contract renewed. The first year's financials are now in, and I show a loss of \$7,000. This is the exact amount by which the final price was reduced. My figures were accurate; theirs are 8% below break even. Entering into further negotiations is futile, they will simple review the contract and offer a lower rate again.

Also worth consideration is the state of regional Delivery Centres. The one in which we operate is over-crowded and unsafe; one has to sort heavy parcels on the floor, be constantly aware of everything around you in case someone has come close behind with a pallet jack or a mail cage. The only injuries I have incurred in almost 6 years in the job (apart from two dog bites) have been in the sorting area relating to lower back injuries due to the crowded area. Australia Post continually states that their parcel deliveries are increasing at 11% per annum, but will not invest in appropriate facilities outside major centres. I might add that we were promised new facilities 6 years ago but nothing has happened apart from a reduction in space in favour of retail operations.

An interesting fact, Australia Post employees are not allowed to lift more that 20kg, but contractors are required to handle up to 32kg and sometimes much more. One can only wonder how these very heavy parcels get to us if their employees cannot handle them. Perhaps their employees are provided with the sort of equipment and facilities that make it safe.

Australia Post relies heavily on their contractors, perhaps some fairness could be introduced into the process; using their own much trumpeted code of ethics would be a good start.

I am not a lawyer, but perhaps there is a smell of unconscionable conduct in the dealing of a powerful Principal with a small contractor in this way. The policy of lump it or leave it is hardly fair.

If further clarification is required, please contact me.