



Department of Innovation, Industry and Regional Development

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16 April 2007

Mr D Hatfield
Director
Adjudication Branch
Australian Competition and Consumer Commission
PO Box 1199
Dickson ACT 2602

Dear Mr Hatfield

Construction Material Producers Association (CMPA): Application for Authorisation

I refer to your letter of 10 April 2007 addressed to the Transport Industry Council and the application by the CMPA for authorisation to develop and publish various standard form contracts for its members.

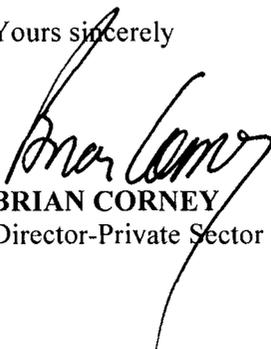
The *Owner Drivers and Forestry Contractors Act 2005* (the Act) is designed to improve the position of small business operators in the transport and forestry industries. The Act was introduced in response to a Report prepared by Industrial Relations Victoria (IRV) which found that owner drivers were working long hours, had very low levels of earnings and high rates of business failure. IRV also found that many owner drivers enter contracts and purchase expensive vehicles at high financial risk, without understanding their net earnings. IRV identified the most significant causes of these problems as an unequal bargaining position and information imbalance between owner drivers and hirers.

The Act does a number of things to address these issues. One of the most important things is the requirement for all on-going contracts to be in writing and to specify the minimum level of income or number of hours of work. The Act also empowered the Transport Industry Council (TIC) to "develop, publish and promote" model agreements. The use of endorsed agreements occurs in various industries such as insurance, domestic housing, and commercial and domestic leases. The Law Institute of Victoria and the Housing Industry Association endorse and publish model agreements. The use of such model agreements greatly reduces transaction costs for the businesses using them.

The model agreement which has been developed by the TIC in consultation with industry is not compulsory. It aims to be a useful resource to assist hirers and contractors with the development of written contracts and to assist owner drivers to assess the fairness of agreements being offered to them.

The TIC has actively encouraged and continues to actively encourage various transport industry sectors to develop and promote their own model agreements.

Yours sincerely



BRIAN CORNEY
Director-Private Sector

