

# Package delivery under pressure: a study of the courier industry

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## An industry of rapid changes

The home delivery of goods in the courier industry has grown rapidly in recent years. The industry is characterised by constant changes, start-ups and business closures. The three largest media groups, Polaris, Amedia and Schibsted, have diversified into the home delivery of goods in response to the decline in newspaper readership. New markets known as quick commerce or last-mile delivery have also emerged for the rapid delivery of food from restaurants or groceries from dedicated warehouses. Foodora and Wolt have established themselves as the key market players and are gradually expanding to new geographical areas and concepts. Many home delivery operators have specialised in an app infrastructure, connecting customers with delivery workers who deliver food or goods. The digital aspect has accelerated the industry's development. Mergers and collaborations are common, such as the Fiks ferdig doorstep delivery partnership between Finn marketplace and Helthjem. Cars, mopeds, e-bikes and ordinary bicycles are used for deliveries, depending on the area and the operators involved. Customers expect rapid delivery of a wide range of goods, from white goods to groceries, preferably free of charge, putting pressure on the product price and consequently the working conditions of delivery workers. After strong growth during the pandemic, the industry has now declined slightly but stabilised.

The courier industry is characterised by minimal competency requirements, low start-up costs and extensive use of subcontractors. Exploitation of the self-employed and evasion of employer's liability are therefore rife, and main contractors can lose sight of who is performing the deliveries. We will demonstrate the well-documented work-related crime and social dumping in the industry.

This factsheet examines the use of bicycles and vans under 3.5 tonnes for home delivery. We outline the major players, discuss the scope of the industry, examine forms of employment and working conditions, as well as the regulations governing the industry. LO Norway has funded our work.

## Method

A combination of qualitative and quantitative methods were used to study the industry, and our desk study was based on publicly available sources, including the media, Proff Forvalt, company websites and published reports. We also conducted ten interviews with businesses, trade union reps and delivery workers, one with the National Authority for Investigation and Prosecution of Economic and Environmental Crime and one with the police.

Companies were recruited via email and trade union reps and delivery workers were contacted via the Oslo branch of the transport workers' union. Informants provided referrals through snowball sampling. We also recruited delivery workers outside the warehouse setting and were given access to five employment contracts. Register data was used to describe workers in what we expected to be the largest category in the home delivery of goods.

## Other postal and courier activities

The 'courier industry' is not easily identifiable in official statistics, and forming an overview of the industry from register data was therefore challenging; partly due to the overlap of industry classifications among businesses we are interested in and with businesses outside the scope of our study. Our informants also reported no clear distinction between entities involved in home delivery and those delivering goods to businesses. Optimised transport efficiency, such as combining business deliveries during the day with home deliveries in the evening, is vital. However, these are two different industry classifications, and it is not clear which of the two the delivery workers are registered under.

Complex organisational forms are also typical in the courier industry. A total of 3,400 delivery van operators were registered in the catchment area of the work-related crime centre in Oslo, A-krimsentret, in 2022. These encompassed limited liability companies (AS), sole proprietorships (ENK), Norwegian foreign-registered companies (NUF), shared responsibility entities (DA) and partnerships (ANS).

Limiting ourselves to one industry classification is therefore likely to lead to the scope of the industry being underestimated.

The most relevant industry classification for home deliveries is 'Other postal and courier activities' (NACE 53.200), encompassing businesses specialised in the distribution of parcels, post and newspapers. This classification does not cover all operators we are interested in, such as Porterbuddy and Wolt, but it does include major players such as Foodora, Helthjem, Bring and various Schibsted distributors. Our analysis in the next section is therefore based on this classification.

The table below lists the 20 largest operators by revenue in the classification in 2022. Foodora tops the list and is followed by Helthjem, Bring Courier & Express and the Schibsted group.

Several of the industry players, e.g. Foodora (founded in 2015), operate at a loss and depend on capital investment. Instead of consolidating operations, part of their strategy is to invest in expanding to new geographical areas and concepts.

Register-based employment statistics from Statistics Norway show a total of around 6,700 positions registered under the classification in 2021. The self-employed hold 1,100 (17%) of these positions, while half are filled by immigrants in Statistics Norway's immigration category B: foreign-born with two foreign-born parents and four foreign-born grandparents, and 8 in 10 are men. The average FTE position in the industry is 60%, which is significantly lower than in the labour market as a whole. Greater Oslo accounts for

much of the employment in the industry, with 38% in Oslo, Bærum and Lillestrøm. 'Courier etc.' is the most common occupation among employees in the industry, with a reported 46%, and 24% are registered as car, taxi and van drivers. This is followed by salespersons, freight forwarders and logistics personnel.

Statistics Norway's Labour Force Survey 2022 shows that online platform work is mostly sporadic and is rarely someone's main source of income. Goods transport, including bicycle deliveries of food, constituted 5.7% of the 141,000 people who had sold goods or services via an online platform at least once in the past year. Notably, delivery workers were more consistently active throughout the year than the rest of this group, and 75% of them were born outside Norway. Those born in Norway who perform online platform work do so as a side job, while those born abroad are more dependent on this for their livelihood.

## Pay and working conditions

Certain segments of the delivery van industry have a long history of poor working conditions, as highlighted in the 2022 series of articles in the Klassekampen newspaper and thoroughly documented by the work-related crime centre.

There are four main collective agreements for delivery employees in the industry:

- Logistics, ports and forwarding agreement (Schenker)
- Newspaper delivery agreement (delivery employees in Amedia, Helthjem and Morgenlevering)
- Foodora's collective agreement (delivery employees in Foodora, not self-employed or freelance)
- Transport companies in Norway (Oda)

The packing agreement is also relevant for delivery employees who pack goods. In some businesses, e.g. Porterbuddy, those who deliver goods also pack them, but only a minority are covered by collective agreements. This includes self-employed delivery workers, who are also not protected under the Working Environment Act.

In our employment contract analysis and interviews with delivery workers and trade union reps, several factors came to light that affect working conditions in the industry. The first of these was challenges linked

Legal name of entity	Revenues	Results
FOODORA NORWAY AS	753 226	-90 850
HEALTHJEM NETTHANDEL AS	593 561	-27 200
BRING COURIER & EXPRESS AS	440 725	-1 780
SCHIBSTED DELIVERY AS	422 848	-47 202
SCHIBSTED DISTRIBUTUSJON VEST AS	393 441	8 184
SCHIBSTED DISTRIBUTUSJON ØST AS	315 935	-15 981
BYPOST NORGE AS		-72
BYPOST AS	275 295	19 800
BLADCENTRALEN AS	241 466	7 756
AMEDIA DISTRIBUTUSJON VIKEN AS	199 178	-28 493
POLARIS DISTRIBUTUSJON MIDT-NORGE AS	131 685	1 939
NORSK BIBLIOTEKTRANSPORT AS	119 851	-6 700
HEALTHJEM MEDIAPOST AS	118 513	-629
POLARIS DISTRIBUTUSJON SØR AS	98 931	-1 504
ROMERIKE MEDIADISTRIBUTUSJON AS	84 119	-7 375
KAMONEN TRANSPORT AS	83 237	522
AKTIV NORGESDISTRIBUTUSJON AS	72 806	4 527
APOLLO BUDBILER AS	69 513	3 603
EM DISTRIBUTUSJON AS	66 240	-6 142
FRAM DISTRIBUTUSJON AS	65 358	7 890

Kilde: Proff forvalt

### Klassekampen's coverage of the courier industry

In 2022, The newspaper Klassekampen published a series of articles shedding light on the wages and working conditions in the courier industry. The conditions were described as particularly poor, with high work pressure, long working hours, low wages, and a lack of predictability. A significant portion of couriers is categorized as self-employed, meaning they are not covered by labor laws and therefore do not have the same rights to sick leave or vacation pay as employees. Workers and self-employed couriers in the industry often have a short tenure in Norway, increasing their vulnerability to exploitation.

to inadequate employment contracts, including in relation to working hours, paid breaks when no staff rooms are available and non-compete clauses that restrict workers' ability to work for competitors. 'Pay back systems' were also found, where workers' wages could be reduced as punishment for vehicle wear and tear and damage or poor customer reviews. The latter is particularly problematic as customers can give poor ratings based on factors not necessarily under the workers' control, such as the condition of the goods upon arrival. Four of the five employment contracts we saw included details of wages. Hourly rates are around NOK 175-180, sometimes with a 40% supplement for overtime and extra for weekend working. In comparison, the generally applied minimum rate for goods vehicles over 3.5 tonnes is NOK 207 as from 15 June 2023.

Secondly, route planning has a major impact on working conditions, as the delivery workers have to follow carefully planned routes to the minute. Speed and delivery time are naturally impacted by external factors such as traffic and weather. Workers report having to carry too much or to run in order to stay within the schedule, leading to overexertion and injuries. Self-employed delivery workers face heightened pressure as their income is directly linked to the speed of their deliveries. Consequently, they make take unnecessary risks that compromise their own safety. Most self-employed delivery workers who incur injuries will not be entitled to sick pay.

Companies like Foodora and Wolt operate in online platforms that connect customers with workers who deliver food and goods. Job allocation and pricing are automated here and are often performance-based. This 'algorithmic management' uses large volumes of data from delivery workers and customers to streamline route planning and optimise routes. However, this automated decision-making process can create a sense of unfairness among couriers as it lacks transparency and gives limited opportunity to raise objections.

## Regulations

This section of the transport industry is not covered by the general application of collective agreements for goods vehicles over 3.5 tonnes. In 2022, the United Federation of Trade Unions proposed reducing the

weight limit for goods vehicles to 2.5 tonnes in the regulations on general application of collective agreements, but this was rejected by the Tariff Board. Some regulations are, however, in place or being processed or considered. The companies we interviewed call for a more regulated industry. We list below some measures that can impact on the industry.

### Prevention of crime in the delivery van industry. Advice and measures for main contractors and employers

As part of the Government's action plan to combat social dumping and work-related crime, the Norwegian Labour Inspection Authority, the Norwegian Labour and Welfare Administration (NAV), the police, the tax administration and A-krimcenteret issued a guide on tackling crime in the industry in 2022. The highlights of the guide are as follows:

- Main contractors should reduce the tiers of subcontractors, preferably to just one.
- Employer's liability for own employees will help reduce crime in the delivery van industry.
- Employers should invest in audits and checks, and employ staff with expertise in work-related crime to perform checks.
- Employers should set sufficient requirements for subcontractors, such as a code of conduct, to ensure ethical standards.
- Procedures should be established for reporting serious contract breaches to regulatory bodies or the police in order to prevent criminal subcontractors from forming new partnerships with unsuspecting parties.
- Employers should consider extra checks when activity level is high, such as Black Week and the run-up to Christmas.

### The Transparency Act

The Transparency Act came into effect on 1 July 2022 to promote human rights and transparency in businesses. As from 30 June 2023, Norwegian businesses and foreign companies operating in Norway are required to assess human rights impacts across their value chain and report on this annually. Posten Bring, Wolt, Amedia and DHL have all complied with the requirement to publish reports, which give insight into guidelines and risks related to human rights across the value chain. The universal right to demand information from businesses about their handling of human rights and working conditions is also safeguarded in the Transparency Act. The Consumer Authority is responsible for providing guidance and overseeing compliance of the Act.

#### A-krimcenteret's reports from 2019 and 2022

A-krimcenteret has documented the situation in the delivery van industry in Oslo and the surrounding areas through two reports. The inspections conducted in 2022 revealed a significant level of undeclared work and income, tax evasion, welfare fraud, violations of labour laws and related regulations, and exploitation of vulnerable workers. A-krimcenteret has not observed any improvement in the industry from 2019 to 2022, and the 2022 report highlights that there is still significant leeway for criminal actors. Workplace crime in the industry has also been documented by the Economic Crime Unit (Økokrim).

## Action plans

The Government has published two action plans in recent years that are relevant to the industry: the Action plan to combat social dumping and work-related crime (2022) and the Action plan to combat social dumping in the transport sector (2022). The latter aims to strengthen the regulatory framework, tighten requirements and streamline supervision and controls, as well as strengthen the tripartite cooperation.

## Introduction of driving and rest period provisions

In 2022, the Government introduced new rules for goods vehicles up to 2.5 tonnes with a view to improving working conditions. International transport operators need a special licence from 1 November 2022, which includes requirements for EEA registration, reputation, finances and professional competence. From 2026, driving and rest period rules and a requirement for a tachograph will also be imposed for international transport vehicles with a maximum permissible weight of 2.5 to 3.5 tonnes.

Clarification of the concept of employee in the Working Environment Act and the EU's Platform Workers' Directive

From 1 January 2024, the term 'employee' in the Working Environment Act will be enlarged on. The amendment to the law follows the Fougner Committee's report on forms of employment and organisational structures. Employee status shall be presumed unless the employer can present compelling evidence of a contractor relationship. This change thus entails a stricter standard of proof for employers. The EU is negotiating a directive on platform work that will regulate misclassification and the right of platform workers, in for example Foodora and Wolt, to receive information about automated decisions. The proposed directive calls for human involvement in important decisions and risk assessment for automated discrimination.

## Inspection activities by A-krimssenteret

A-krimssenteret is an interagency collaboration between the tax administration, the police, the Norwegian Labour Inspection Authority, NAV and Norwegian Customs. The centre is targeting the delivery van industry due to its elevated risk of work-related crime. In partnership with the Norwegian Public Roads Administration, regular inspections were carried out in the industry throughout 2022.

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