Submission
Inquiry into the Victorian On-Demand Workforce
February 2019

UQ Research Network on Automation, Ethics & Society
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Between October 2018 and January 2019 researchers at the University of Queensland have been investigating the role of digital employment platforms in shaping the way Australians live and work in the 21st century. More specifically, we have been investigating the manner in which UBER "driver-partners" in south-east Queensland operate and how they organise their work and life balance around the UBER platform. While our research project is still on-going, we believe our preliminary findings can be extended to the Victorian inquiry and may, in turn, be useful for wider Australian policy.

Our data consists of 20 qualitative interviews with current driver-partners from January, 2019. It is supplemented by four 'ride-along' interviews conducted in October 2018. Five ex-drivers have also been interviewed between October 2018 and January 2019. Interview participants included a mix of gender, ethnicity, migratory status, age, and work status (fulltime, part-time, casual). Interviews lasted on average 40 minutes, and examined participants' work histories, and their organisational philosophy to their driving 'job'.

While our sample size limits its ability to speak to the scope of the on-demand workforce in Australia, it highlights significant patterns in which workers specifically organise their lives around a digital employment platform. Such findings can be extended more broadly to workers in Australia who also engage with, and rely on, digital employment platforms and the gig economy to sustain their livelihoods.

This submission puts forward five key findings that have emerged through our research into UBER. We suggest ways in which the Victorian government may mitigate the negative impacts of an on-demand (gig) workforce on its workers, cities, and legal dimensions. More thematically, our submission is broken into two sections; the first details the precarious nature of UBER's driver-partners, and the second identifies the wider urban and social impact of the digital employment platform. While our recommendations relate specifically to our research on UBER, we suggest they have similar ramifications for workers more broadly employed in the 'on-demand' workforce.

Summary of Key Findings

#1. Driver-partners take on an unreasonable amount of risk resulting from being deemed independent contractors.

#2. If driver-partners continue to be considered 'independent contractors' they need to be given more information over the trip potential to make a reasonable business assessment.

#3. Vulnerable and time poor workers in the gig economy require assistance with tax, business and financial advice given the complexity of their earnings.

#4. Loading zones are insufficient to deal with extra supply of drivers which (research suggests) adds to congestion, carbon emissions, and detracts from public transport

#5. An independent body needs to ensure platform algorithms are working as promised.

Section 1: The Status of Workers

(a) Unprofitable Working Conditions

The first and most important finding is that UBER driver-partners systematically and consistently earn less than the legal hourly wage. Not one driver from our study earned above the minimum legal hourly wage ($18.93[1]) after their business expenses were deducted over a week of driving. Most drivers appeared to earn about $15 an hour, while some more experienced drivers were likely to make about $17.50 an hour. Gross hourly incomes were in the spectrum between $25-35 an hour, but all drivers agreed that "at least" 50% of gross figures were lost to income tax, GST, petrol, insurance/registration, and wear and tear. Only one driver claimed to be putting away savings and superannuation; all the others suggested they were living pay check-to-pay check, and most relied on their spousal income. These findings are in agreement with pre-existing research from Australia[2], the United States[3], and the United Kingdom[4] that all describe the low-income yield of UBER's driver partners.

There were some occasions in our research where drivers claimed to profit from a substantial one-way fare ($50-$100). However such events were rare, and drivers explained

[1] https://www.fairwork.gov.au/how-we-will-help/templates-and-guides/fact-sheets/minimum-workplace-entitlements/minimum-wages

[2] Stanford, J. (2018). *Subsidising Billionaires: Simulating the New Incomes of UberX Drivers in Australia.* Centre for Future Work at the Australia Institute.

[3] Zoepf, S. (2018, March 5). *The Economics of Ride Hailing, Revisited.* Retrieved from MIT Center for Energy and Environmental Policy Research: http://ceepr.mit.edu/files/papers/2018-005%20Authors%20Statement.pdf

[4] Berger, T., Frey, C., Levin, G., & Danda, S. R. (2018). *Uber Happy? Work and Wellbeing.* Working paper to be presented at the 68th Panel Meeting of Economic Policy in October 2018.

that — if averaged out over a weekly, and sometimes even a daily driving period — their net income would still be within the $15-17.50 an hour threshold.

Furthermore, as independent contractors, drivers' operational expenses include more than passenger fares. Driver-partners described how they were required to: wash and clean their car daily, organise their taxes, income statements, and registration, as well as chase up UBER support (which is largely automated and not helpful) for all-too-common abnormalities in pay checks and "algorithmic errors". All these responsibilities are unpaid, and cost the drivers money out of their own pockets.

The Australian Government's Department of Industry, Innovation and Science (2016[5]) suggest that independent contractors must be in a "position to make a profit or loss" (p. 10). However, our findings demonstrate that none of these workers were in a position to make a profitable income from UBER driving. Consequently, it is clear that, given almost certain probability of economic loss these workers should be registered as employees rather than contractors. While it should be recognised — as research partly funded by UBER has found[6]— driver-partners do report a reasonable level of satisfaction in their work-life balance. Our research agrees that a much respected aspect of working with UBER for the drivers has been the operational flexibility of the job, and subsequently, many of our participants really did enjoy the job. However, UBER capitalises on drivers by passing all the organisational risk onto individual drivers who must, in turn, draw from personal assets, combined family incomes, and public services to make ends meet. As such, we find that drivers adopt an unreasonable amount of risk under current arrangements with UBER and face little to no prospect of making a legally profitable income after expenses are deducted.

Finding #1

Driver-partners take on unreasonable amount of risk, and should not be deemed as independent contractors.

If driver-partners continue to be defined under law as independent contractors they need to be given more information and autonomy over their business model. As it currently stands, drivers are not provided with enough information to evaluate the profitability and risk of each trip they are offered through UBER. Despite UBER's significant collection of data from drivers and users over time, UBER shares little with its so called driver-"partners". Drivers are not informed of the distance of the requested trip, the amount of money the customer is being quoted by UBER before commissions, nor the customers' "user rating" until after the driver has accepted the trip. All the drivers are made aware of (before accepting a trip)

[5] Australian Government. (2016). *Independent Contractors: The Essential Handbook.* Online: Department of Industry, Innovation, and Science. Retrieved from https://www.business.gov.au/~/media/Business/Independent-contractors/Independent-contractors-the-essential-handbook-pdf.pdf?la=en

[6] Berger, T., Frey, C., Levin, G., & Danda, S. R. (2018). *Uber Happy? Work and Wellbeing.* Working paper to be presented at the 68th Panel Meeting of Economic Policy in October 2018..

is the location of the rider for pickup and the drivers have around 15 seconds to accept of decline the trip on that information, usually while driving (which is an extremely risky and dangerous process)[7]. Under this process, drivers have no reasonable chance to assess the risk of short trips, risky passengers, and unprofitable jobs.

UBER collects extensive details on trip and consumer data, however, it does not share this information with its contractors. This asymmetrical passage of information assures driver-partners adopt considerable risk that minimises their potential, and ability, to profit from their work. Our second finding is therefore that UBER needs to be more accountable for this asymmetrical passage of risk. More specifically, we find that driver-partners are not given enough "reasonable" information about the earning potential of each trip that UBER quotes them.

Finding #2

If driver-partners continue to be considered 'independent contractors' they need to be given more information over the trip potential to make a reasonable business assessment.

(b) Flexible, but precarious drivers

A significant finding from our research has been the vulnerability of UBER driver-partners. Most of the drivers in our research have dependents, many were immigrants, and most of the drivers relied on their spousal income to secure the bulk of their household costs. Our findings are well-supported by recent research from the United Kingdom which reports that most drivers were immigrant men, who were married with children[8]. In most cases, our participants explained that they used the flexibility of the job to help supplement their income as the main caregiver for children or — in some cases — family members living in poorer countries overseas. As such, we cannot overemphasize how important the flexible nature of this 'on-demand' work was for a significant proportion of the drivers interviewed. Without this avenue of flexible employment many drivers would have been forced to continue working in previous jobs in which they were underemployed, some would have to forgo any income altogether, and many would have had to rely on "commission only" jobs like mortgage brokering, real estate, and online sales positions.

Nevertheless, we are concerned that by utilising this vulnerable workforce, UBER benefits from workers who are not in the position to bargain for better conditions, nor devote time and effort into efficiently managing their own driving business. Many of the drivers interviewed were engrossed in caring responsibilities and unwilling to spend sufficient time

[7] Sydney Morning Herald. (2019, January 11). *Uber drivers complain they are forced to break the law to do their job*. Retrieved from www.smh.com.au: https://www.smh.com.au/business/workplace/uber-drivers-complain-they-are-forced-to-break-the-law-to-do-their-job-20190110-p50qm8.html

[8] Berger, T., Frey, C., Levin, G., & Danda, S. R. (2018). *Uber Happy? Work and Wellbeing.* Working paper to be presented at the 68th Panel Meeting of Economic Policy in October 2018.

and mental capacity into a business they were doing “on the side, for pocket money”. Many drivers could not afford to drive at peak driving times because of family commitments. In addition to this, many drivers were uninformed about legal responsibilities of their business like tax requirements, several had admitted not reporting issues from problematic (sometimes abusive) customers, and many were unwilling to challenge UBER for (not uncommon) payment issues. All drivers interviewed got most of their information about UBER from friends and online forums rather than directly from UBER. Only two participants actually knew other UBER drivers, while most engaged in online forums with other drivers who would exchange tips, advice, and information. In fact, Alex Rosenblat argues that UBER has a vested interest to refrain from advising drivers out of risk of being mislabelled as an employer rather than a “tech-company”[9]. This legal ambiguity, and driver’s often precarious social arranges allows UBER to significantly benefit from the vulnerability of its workforce, and since UBER are not legally obliged to intervene with their workforce they will likely continue to exploit vulnerable populations.

In order to help secure the livelihoods of driver-partners, we recommend the State takes measures to help educate and inform on-demand workforces on the rights and responsibilities that they undertake as independent contractors. Namely, we recommend publically funded services that offer business, legal, and tax advice to drivers so that they have a greater ability to run an efficient and profitable driving business.

Finding #3.

Vulnerable and time poor workers in the gig economy require assistance with tax, business and financial advice given the complexity of their earnings.

Section 2: The Wider Impact of UBER

Urban and Social Impacts

Research from the United States suggests that UBER drivers contribute to traffic congestion and carbon emissions in metropolitan areas, and that UBER’s services detracts from public transport usage[10][11]. While such issues are beyond the scope of our investigation, our

[9] Rosenblat, A. (2018). *Uberland: How Algorithms are Rewriting the Rules of Work.* Oakland, California: University of California Press.

[10] Rayle, L., Shaheen, S., Chan, N., Dai, D., & Cervero, R. (2014). *App-Based, On-Demand Ride Services: Comparing Taxi and Ridesourcing Trips and User Characteristics in San Francisco.* University of California: Transportation Center. Retrieved from https://www.its.dot.gov/itspac/dec2014/ridesourcingwhitepaper_nov2014.pdf

[11] Clewlow, R., & Mishra, G. (2017). *Disruptive Transportation: The Adoption, Utilisation, and Impacts of Ride-Hailing in the United States.* University of California: Institute of Transportation Studies. Retrieved from https://itspubs.ucdavis.edu/wp-content/themes/ucdavis/pubs/download_pdf.php?id=2752

findings lend themselves to these conclusions. Our data suggests that drivers struggle to find loading zones and places to legally stop in Brisbane City. As a result of insufficient loading zones and spaces to park and rest, drivers are forced to 'drive laps' or drive to outer suburbs to rest between fares. This means that drivers travel greater distances without passengers which likely contributes to traffic congestion and emissions. In addition, a lack of sufficient loading zones in the CBD puts pressure on drivers to illegally pull into bus lanes and clearways to pick up and drop off passengers. While drivers try to manage passenger expectations in these areas, they often find little alternative (because passengers evaluate their drivers), which understandably poses a risk to all users in the CBD. Subsequently, we would recommend that governments need to regulate on-demand traffic in urban areas and add, or better regulate loading zone usage in urban centres.

Finding #4.

Loading zones are insufficient to deal with extra supply of drivers which (most likely) adds to congestion, carbon emissions, and detracts from public transport

Our fifth and final finding mirrors a concern about the lack of transparency in UBER's organisational algorithm. 'The algorithm' estimates driver incomes and has a substantial effect over the livelihood of these workers. However, as stated throughout this submission there is a considerable asymmetry in the passage of information between driver-partners and UBER; no one other than UBER knows how their algorithm works. Several drivers in our research (and many more in the media[12]) have alleged that UBER charges customers at a different rate to what it pays drivers. This could be resolved by having an independent body (like the Australian Competition and Consumer Commission) to evaluate the efficacy of UBER's algorithm so as to guarantee a fair and just economic transaction between consumers, workers, and UBER.

Finding #5.

An independent body needs to ensure platform algorithms are working as promised.

Concluding Remarks

Overall, our research suggests that while UBER driver-partners benefit from the flexibility of their working situation, they take an unreasonable amount of business risk under the current working relationship. This risk emerges largely as a result of an asymmetrical share of information through the UBER platform. Given the massive amount of information and data that UBER collects from its users it seems reasonable to suggest that UBER driver-partners could be more equitably organised by UBER to ensure better driver earnings. By more equitably sharing information with drivers, UBER could ensure better driver earnings,

[12] ABC News. (2018, July 26). *Uber accused of 'wage theft' by drivers*. Retrieved from ABC News: https://www.abc.net.au/news/2018-07-26/uber-drivers-allege-upfront-wage-theft/10025908

job security, and increased job satisfaction levels without leveraging the flexibility that drivers enjoy.

A considerable issue with UBER driver partners is the lack of transparency and clarity over the legal, and organisational responsibilities that drivers — as independent contractors — must abide by. Too many drivers in our study were unaware of where they could legally stop in the CBD, for example. Many were shocked after their first Business Activity Statement (BAS) as to how much of their gross income was taxed. We fear that many more of the drivers are unaware of the operational costs of running their own business in terms of wear and tear on the car, income taxes, and ongoing licensing and registration fees. If UBER is not held accountable for ensuring an adequate provision of information to drivers, then public services need to be delivered to workers employed in gig economies to prevent polarising and marginalising a growing sector of Australian workers.

Finally, our findings suggest inconsistencies with UBER's algorithm with regards to its validity. That is, it is not clear that UBER's algorithm does what it is supposed to be doing. While this may be less problematic from technology companies that work with software (for example, how Google programs its search engine), it has significant effects when workers rely on the software directly for an income. Second, we are concerned about the effect of this algorithm on wider societies. The social impact of an on-demand workforce has implications for the provision of public goods and public space in cities. UBER driver-partners for instance, rely on loading zones, public parks and toilets, free legal services and social services to help them run their own business. The use of these 'public services' saves UBER operational expenses by passing these costs onto governments and citizens. As such, we suggest that these algorithms, like all business organisations in Australia, be subject to an independent ombudsman who can monitor the programming, and guarantee the safety and reliability for Australian consumers and workers. Already UBER's operational algorithm has resulted in breaches of privacy[13], underpayment of workers[14], and unfair dismissal[15] cases. While we envisage a future in which technology companies coexist with wider Australian society, State and Federal governments need to act swiftly to regulate the

[13] ABC News. (2017, November 22). *Uber boss says a data breach exposed 57m users' data and the company didn't tell anyone*. Retrieved from ABC News: https://www.abc.net.au/news/2017-11-22/uber-data-breach-was-not-disclosed-ceo-says/9179168

[14] ABC News. (2018, July 26). *Uber accused of 'wage theft' by drivers*. Retrieved from ABC News: https://www.abc.net.au/news/2018-07-26/uber-drivers-allege-upfront-wage-theft/10025908

[15] Australian Financial Review. (2017, June 29). *Uber Settling Unfair Dismissal Claims for Deactivated Drivers*. Retrieved from www.afr.com: https://www.afr.com/news/policy/industrial-relations/uber-settling-unfair-dismissal-claims-for-deactivated-drivers-20170629-gx0z2e

operations of digital platforms to ensure a safe and secure future for the on-demand workforce.