

Submission to the inquiry into the Victorian on-demand workforce

20 February 2019

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About the National Union of Workers (NUW)

Over 25,000 Victorian workers are financial NUW members on any one day. NUW members work in food and beverage processing plants, on farms, in warehouses, manufacturing facilities and in call centres. We pick your fruit, process your milk, dispatch your orders, make your medicines and record your opinions.

Approximately 45% of NUW members are engaged in some form of insecure employment. The most common form of insecure work for NUW members are labour hire work, direct casual engagement, and part-time work. This means that fluctuations in income from week to week, changing shift patterns and the need to find multiple income sources are a normal part of members' working lives. As a result NUW members will often cycle in and out of industries where platforms are prevalent including food delivery, ride sharing and cleaning.

On top of this workplace insecurity, NUW members come from diverse backgrounds and many are temporary migrant workers. This places an additional form of precarity in our members' lives.

Digital Platforms

Digital or online platforms are a useful form of social infrastructure connecting two or more groups. As a technological development there is nothing wrong or intrinsically negative with such platforms. The digital platform can act as an efficient means through which to connect supply and demand in a market economy.

The negative social consequences for workers and communities associated with digital platforms stems from the structuring of relationships in relation to the technological infrastructure.

Corporate-owned platforms invariably tend towards a monopoly as the very viability of the enterprise is predicated on what is known as the *network effect*.¹ According to the *network effect* a digital platform becomes more valuable as more people join it and use it. Often there is nothing particularly complex or unique about the underlying technology which supports a platform. The barrier to market entry comes from the fact that a significant community of users and providers are already on a given platform. Put simply, a rideshare driver is going to find a more regular source of income signing up with an established platform such as Uber. This makes it more difficult for a competitor to Uber to find traction and compete meaningfully. Once a certain threshold or critical mass has been reached,

¹ See Nick Srnicek, "Platform Monopolies and the Political Economy of AI" in *Economics for the Many* (2018).

the network effect tends towards monopolisation. A pre-existing platform generates more users, and more data. This increases the attractiveness of the platform, which in turn attracts more users generating more data on the platform. Competitors cannot simply access the same number of users and the same volume of data. This defends the digital platform from traditional market competition. Profit for a corporate-owned digital platform comes not from competing on a market but *owning and profiting from* the market on which competition takes place.

This means that platform workers face a corporate entity that has incredible authority over their ability to earn an income on a given platform. An on-demand workforce faces a corporate entity that controls their very ability to access the market on which to earn an income as a driver, cleaner or courier. This level of control is in some ways more pronounced than even the traditional employment relationship. While this is new, the corporation standing behind the digital platform still very much acts as a labour hire firm supplying workers to people and businesses who need to use their services. As such the nature of digital platforms requires solutions to be thought through on two different but ultimately complementary levels – that is applying the sorts of regulatory protections that have historically accompanied the employment relationship, and encouraging the adoption of platform co-operatives. Pursuing one set of solutions without the other would be akin to operating a vehicle with only one pedal – it would be at best a pointless exercise and at worst a hazard for the wider Victorian community.

The Employment Solution

The NUW is an affiliate of the Victorian Trades Hall Council, and as the peak-body for the Victorian union movement, we would urge the inquiry to pay particular attention to VTHC's submission. Notwithstanding, the NUW would highlight the following recommendations which pertain directly to the powers of the state government:

1. The state government review and amend the *Labour Hire Licensing Act 2018 (Vic)* to ensure that corporate-owned digital platforms are defined as labour hire providers, and are therefore subject to the responsibilities contained in the Act.
2. The state government review and amend the *Occupational Health and Safety Act 2004 (Vic)* to ensure that companies operating in the on-demand or gig economy sector bear costs and responsibilities associated with the health and safety of the workers they engage.
3. The state government review and amend the *Workplace Injury Rehabilitation and Compensation Act 2013 (Vic)* to ensure that companies operating in the on-demand sector bear costs and responsibilities associated with the rehabilitation of and



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compensation to the workers they engage should they be injured or die as a result of accidents and diseases in the course of their work.

4. The state government view and amend the *Transport Accidence Act 1986* (Vic) to ensure that companies operating in the on-demand sector bear responsibility and costs associated with insuring workers they engage should they be injured or die as a result of a transport accident in the course of their work.
5. The state government mandate that all international students studying in Victoria receive work rights, health and safety training. This training must be embedded in university and TAFE orientation programs and delivered by relevant industry unions, worker centres and community legal centres with expertise in employment and/or occupational health and safety law.
6. The state government embed mandatory work rights, health and safety training in all Victorian high school and TAFE curriculum. This training must be delivered by relevant industry unions, worker centres and community legal centres with expertise in employment and/or occupational health and safety law.
7. The state government review and amend the definition of an *employee* as it appears in legislation such that an on-demand worker is defined as an employee.

The Co-operative Solution

The NUW has an ongoing working dialogue with the Business Council of Co-operatives and Mutuals (BCCM). Co-operatives have employed thousands of NUW members over the course of the Union's history. This is especially so in rural industries such as grain, dairy and fruit & vegetable processing. Generally, co-operatives act as more responsible employers even when workers are not co-owners in an enterprise. Given the difference between corporate-owned platforms and corporations historically competing on a market, the NUW wishes to reaffirm and impress the BCCM's recommendations to the inquiry. State governments have an opportunity, with relatively little spend, to make a significant social impact through supporting and encouraging the establishment and growth of platform co-operatives where on-demand workers have an ownership stake along with a voice in management.

To this end, the NUW specifically endorses the following two recommendations from the BCCM submission:

1. Create a Co-operatives and Mutual Enterprise (CME) Charter
2. Supporting the development of co-operative owned platforms specifically through social procurement, development support, raising awareness and data management.



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