Submission to the Inquiry into Victorian On-demand Workforce

20 February 2019

The Transport Workers' Union of Australia
About the TWU
The Transport Workers’ Union of Australia (TWU) represents tens of thousands of men and women in Australia’s aviation, oil, waste management, gas, road transport, passenger vehicles and freight logistics industries.

With over one hundred years’ experience in conducting Australia’s passenger and freight task, the TWU has been proactive in establishing industry standards that improve the lives and safety of transport workers, their families and the community.

Introduction
The TWU welcomes the opportunity to contribute to the Inquiry into the Victorian On-demand workforce. We also support the submission made by the Victorian Trades Hall Council (VTHC).

Workers in the on-demand economy are being exploited. 21st century apps are being used as an excuse the take industrial conditions back to the 1800s. There is nothing new about this kind of exploitation. Rights are being eroded and in many cases the driving down of standards is the business model of on-demand entities.¹ The powerful players at the top of supply chains continue to put tremendous economic pressure on workers that operate further down the chain.

Some of the most vulnerable workers in our economy – including young workers, international students and CALD workers – are being used. In the road transport sector, workers in the on-demand economy are exposed to significant risk of injury and death while at work.

This situation must change.

Companies must be held responsible for the health and safety of all of their workers, regardless of how they are classified. We urgently need regulation that sets appropriate standards and be given the resources to ensure they are adequately enforced.

**Size of food delivery and rideshare**

This submission will focus on food delivery and rideshare workers, which have entered the road transport industry.

It is difficult to estimate the size of the market in Australia or in Victoria as there is a lack of comprehensive research in this area. The latest ABS Counts of Australian Businesses, including Entries and Exits, June 2013 – June 2017 showed the transport, postal and warehousing industry was the highest growing industry in 2016-17, a 12.1% increase from the 2015-16 period. The drivers of that growth were in the subcategories of ‘other transport support services’, which increased by 26% (8,186 units), and ‘taxi and other road transport’, which increased by 32.3% (6,150 units). This growth was predominately in the category of sole proprietors. These figures could point to the growth of on-demand workers.

Elsewhere, the food delivery industry is predicted to grow to a $2.4 billion Australian market by 2025. In NSW, research conducted on behalf of the NSW Government in 2015 estimated the sharing economy has contributed $504 million to the State’s economy annually, and provided 45,000 people with some form of work.

**Economic pressure on On-demand workers**

On-demand workers are remunerated pursuant to an incentive-based system.

There is pressure to make as many deliveries, trips or complete as many tasks, as possible to earn some sort of living. Not only does this mean that there is no job security, but it is dangerous, particularly on our roads.

To make matters worse, since on-demand entered the market, pay and conditions have deteriorated.

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Emmett D'Urso started working as a ride-share driver four years ago, he was earning up to $45 per hour. He now earns $16 an hour after costs.


Deliveroo has drastically changed conditions and pay for its workers since arriving in Australia. It has:

- Scrapped hourly rates
- Increased distances for deliveries, thereby reducing pay since they are paid per delivery

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• Terminated workers without warning or the chance to appeal
• Insists on workers working shifts, with little flexibility to get out of them even during dangerous weather conditions.
• Last year workers woke up to a 30-40% pay cut when it increased delivery distances without warning. Just like Uber’s announcement that it will provide below standards insurance for its workers what Deliveroo is proposing is to keep stealing from its workers and denying their rights.
• Deliveroo contracts appeared to “absolve the company of any responsibility toward its riders under workplace safety laws. Riders must also purchase their own public liability insurance.

Economist Jim Stanford did a study of Uver X drivers. He estimated that the net income of Uber drivers (on average across the six Australian cities considered in the report) under plausible assumptions to be $14.62 per hour.5 He found that the highest simulated net incomes are generated in Canberra and Sydney (over $18 per hour) while the lowest are in Perth (under $11 per hour).

Dr Stanford’s findings show that the Uber drivers are paid significantly below the statutory minimum wage of $18.29 an hour.

Food delivery survey

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5 Stanford, J., Subsidising Billionaires: Stimulating the Net Incomes of UberX Drivers in Australia, Centre for Future Work at the Australia Institute, March 2018, p.4.
In 2018 the TWU ran a survey of 259 food delivery riders in Sydney and Melbourne. The results were alarming:  

- **45% said that they or someone that they know had been hurt on the job.**

  “My friend was in an accident with a taxi driver and got a broken bone” UberEats rider, 26.

  “I get hit nearly once a week” Deliveroo rider, 20

  “I’ve had minor injuries – I have been ‘doored’ twice by cars” UberEats rider

- **1 in 4 riders work full time hours.**

  Contrary to the idea that gig work is used to supplement or ‘top up’ regular income, 26.4% of riders reported working 40 or more hours per week. 3 in 4 (76%) riders work 20 or more hours per week.

- **3 in 4 riders earn less than minimum wage.**

  76.6% of riders earn effective hourly pay rates well below the minimum wage for casual workers. Calculations also showed effective pay rates as low as $6.67 per hour.

  “We should all get a basic payment per hour. Sometimes you don’t receive enough orders to earn enough money to live.” Deliveroo rider, 25

The survey also revealed how are riders pay rates determined. Some companies pay a flat rate per delivery while others are paid a ‘dynamic’ rate per delivery based on distance and time travelled. Contracts that provide a minimum hourly rate have largely been phased out, however a small number of riders working on older contracts report hourly pay rate plus a commission based on number of deliveries. Most riders do not negotiate contracts and pay rates with companies, they are simply provided whatever the current ‘standard’ contract is at the time of their engagement. The result is low and inconsistent pay.

 Furthermore, riders often spend many hours waiting for orders and must remain at the restaurant. If riders cancel their delivery at this point their ‘delivery acceptance’ rate is affected, causing them to receive fewer jobs. At other times there are too many riders leading to long unpaid wait times between orders. Companies over recruit meaning there are too many riders and not enough orders and deliveries to keep them busy. These unpaid wait times means they have to work even longer to make enough money each week to meet housing and living costs.

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Companies often change the rules and rates of pay for their work without consultation or negotiation with riders or their representatives. Sudden company rostering changes, for example, removing shift riders and asking riders to log on and off work as they like, only to reintroduce allocated shifts and rosters later, essentially locking out workers who aren’t included in those rosters.

Riders also reported that they work in all weather conditions with inadequate training and protections only adding to the severity of the situation. More than 71.5% of riders say they should receive worker entitlements such as sick leave.

“Too much waiting. You work a lot of hours, but only get paid for a small part of the time”
UberEATS rider, 23

“I would like to have my hourly wage guaranteed. Payment by delivery is not fair for us”
Foodora and UberEats rider, 29

“We need to be safer especially in the rain. We put our life at risk and are pressured to get the delivery done quickly but we are putting our lives at risk in the rain.”
Deliveroo rider, 24

“Unhappy customers are only able to complain about or rate riders, not the restaurant for getting the order wrong.”
UberEats rider, 27

**Rideshare survey**
In 2018 the TWU and the Rideshare Drivers' Co-operative ran a survey of 1,153 rideshare drivers. Drivers worked for companies such as Uber, Ola, Taxify and DiDi. The results included:

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Another key issue is that contracts are signed under threats of deactivation no right of reply. This puts them under serious pressure to keep their jobs.

Safety of workers
Incentive-based payment systems in transport alone are a major safety issue for workers.

However, the nature of the job is also inherently dangerous. Our survey also found that these drivers have experienced death threats towards them and their families, rape threats, sexual assault, being punched in the face, being held at knifepoint, have had their car windows broken, their cars stolen and have received racial abuse. Many are immediately deactivated from ride-share apps when passengers leave wallets in their cards or when passengers make entirely false reports.
In February 2018, Channel 10’s The Project aired a story interviewing food delivery riders that had been attacked, abused and injured at work. The Project also told the story of Julien Trameaux, a rider for UberEats who was killed on the job in Sydney in 2017. Julien dreamed of one day opening a French bakery in Sydney. His family received a five-line letter of condolence from UberEats that his former housemate Leo Villaume described as “a waste of paper, disgusting, disrespectful.”

The riders and rideshare drivers stories speak volumes of the kind of companies that operate in this sector.

“If you are trying to do this full-time it’s a tough gig. These companies have a lot of control over the riders and restaurants… I’ve been doored twice. It sort of comes with being on the road…”
Patrick Psotka, Deliveroo rider


Rafi [redacted text] works as a food delivery rider. He was carrying out a delivery in the rain last year when he slopped off his bike and fell. He went to hospital emergency and was told he’d fractured his ankle and would need to take 6 weeks off work to properly recover.

But there was no support from his employer. He wasn’t offered help with his hospital bills and wasn’t paid while he was unable to work. Rafi as a result fell into debt after his accident. He had to borrow from relatives to pay the $700 for the hospital attendance and from his friends to pay his bills and get by. Despite warnings from the doctors Rafi returned to work after just three weeks. When he returned to work he re-injured his ankle.

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More recently, on January 28th, 2019 two UberEats riders died while they were completing a delivery in Kingsgrove, Sydney. Two weeks ago, another UberEats rider in WA was bashed to the point of possible permanent blindness. There have been countless incidents many of which go unreported as they are not subject to the same scrutiny as other Australian companies. There is nothing in place to ensure their families are compensated or supported during this time.

This is a snapshot of what life is like for transport workers in the on-demand economy. There is no superannuation, no sick leave, no annual leave, no minimum rates, no collective bargaining and companies refuse to cover wages when workers get injured on the job. It is a tough gig and right now these companies are able to operate outside the law.

**Insurance / Workcover**
Alarmingly, most workers in the on-demand economy are not covered by Workcover. These workers are at frequently risk of being injured or worse. However, when they are not able to take on a physically demanding shift due to an incident at work, they are left at home without a wage. It is the public system that is left to pick up the tab for these work-related injuries.

Some on-demand companies have used providing some cover as an exercise in public relations. Deliveroo and Uber both promote the cover that they provide workers, however analysis shows that it is way below the industry standard. For example, Uber only covers riders and drivers from the time they accept the request and 15 minutes after the delivery/drop off or if the order/trip is cancelled. The time spent waiting on the app does not count. They only offer a maximum pay-out of $150/day for no longer than 30 days for a bodily injury – well below the transport industry standard.

**Australian regulations**
People are still being terminated from their jobs and rideshare drivers are being deactivated for no reason. It is clear the time has come for change.

Australian regulations are insufficient regarding on-demand workers.

The features of on-demand work over digital platforms, and subsequent working patterns, are well known: no guarantee of continuing work, irregular hours, piece-work compensation, the worker providing the capital equipment and a nominally independent status. These features all detract from job security and the effective ability to raise issues at work, have the effect of driving down standards more generally (including safety and training) and paint a picture of a world of work that does not meet community standards.

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**Josh Klooger's unfair dismissal**

Former Foodora rider Josh Klooger ran and won an unfair case in 2018.

Klooger, 28, had started working for Foodora in March 2016. At the time pay was $14 an hour plus $5 a delivery. Two-years later in was $7 per delivery and no hourly wage.

Klooger was in 2018 dismissed for speaking up about pay and working conditions.

In a landmark decision, the Fair Work Commission found that Klooger was an employee and had been unfairly dismissed.

The Commission found evidence of Foodora exercising a high degree of control over its workers — such that they were employees, not contractors.

Commissioner Cambridge, in his finding, was clear:

"Without any proper, prior warning, was plainly unjust, manifestly unreasonable, and unnecessarily harsh."

"The applicant was clearly a high-performing delivery rider, had previously been promoted to a managerial position and his entrepreneurial acumen had been recognised and applauded by Foodora management," [para 102 of decision]

Klooger was clear in his summation of the decision: "Riders should be able to earn a decent living and not see their wages continually slashed...they should be able to stand up and challenge employers when changes are introduced that affect their livelihoods. I hope this ruling prompts the Government to do the right thing by riders and ensure they have protections at work."

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There have been arguments that legislation should be amended to create an additional category of worker – a new ‘label’. However, this suggestion is off the mark.

Meanwhile, Deliveroo has called for the creation of a Future Work Act – this is just inventing a new way to legitimise their business model and to keep underpaying its workers. They are trying to silence on-demand workers. Workers don’t need a new definition of worker and they certainly don’t need a third way that the company will just find a route around. Workers just need rights.

On-demand jobs carry no job security – a deliberate tactic used by currently unaccountable entities that frame themselves as intermediaries in a bid to avoid costs and risk – and there is no legal entitlement to expect continuity of engagement.\(^{11}\) In the case of bicycle riders working in the road transport sector, it is clear that these workers should fall under the Road Transport and Distribution Award. However currently many riders and ridesharing workers, are made to become ‘independent contractors’ and as a result they are effectively paid below award rates and are denied basic benefits.\(^{12}\)

As Riley put it in relation to regulating on-demand workers: “It should not be necessary to squeeze the labour arrangements of ‘on-demand’ workers in the new digital economy into the category of ‘employment’ in order to provide them with appropriately protective labour standards.”\(^{13}\)

Supporting this position, a 2017 Sydney University study has shown that 61% of survey respondents believe that new regulations are necessary for the on-demand economy.\(^{14}\)

In NSW, for example, there is a successful history of protections and safeguards for men and women that run their own transport businesses. The NSW Industrial Relations Act is widely regarded as an example of regulation that sets appropriate minimums and a safety net absent an employment relationship, providing for “a basic degree of regulatory protections designed to mitigate the vulnerabilities of owner-drivers.”\(^{15}\) The Act allows a form of regulation across entire industry sectors, with rights to union representation.

More recently, the NSW ALP has pledged if it wins the upcoming election to empower the Industrial Relations Commission under ‘Chapter 6’ to make orders to ensure on-demand workers have minimum rates, superannuation, sick leave, annual leave and other benefits.

The party also said it would ensure on-demand workers and the platforms they work on are defined under law, to ensure companies cannot continue to deny their rights.

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Similarly, the Victorian *The Owner Driver and Forestry Contractors Act 2005*, enacted legislation last year to give owner-drivers protections from unfair business practices and access to low-cost dispute resolution. While there are some shortcomings to this legislation, for example it doesn’t allow for sector bargaining like NSW, it is still able to establish rights for workers.

In November 2018, the Queensland Parliament’s Education, Employment and Small Business Committee released its report on wage theft. One of its recommendations included “reform of the *Fair Work Act 2009* (Cth) to more adequately accommodate emerging forms of non-traditional employment….This should include consideration of law reform to broaden the definition of worker and provide broader access to the benefits of collective bargaining, minimum standards for pay and conditions, and access to the Fair Work Commission.”16 It also noted that submissions were made to enable the Queensland Industrial Relations Commission to make determinations similar to the NSW contract carriers determination.

**International students & migrants**

There should be particular consideration in how any regulatory framework impact on international students and migrants. There are a significant number of people from CALD backgrounds working in both the food delivery and rideshare market. While work restrictions associated with visas is a Federal matter, the regulatory framework should recognise the nature of work restrictions make them particularly vulnerable to exploitation and instills a culture of fear about standing up and speaking out about their working conditions. Furthermore, it should be noted that even though they pay taxes, they are excluded from accessing the Fair Entitlements Guarantee scheme if their employer goes into administration. A Victorian scheme should include ways that workers can collectively organise and exercise their rights as a group rather than relying on a few brave workers to expose exploitation that goes on in this industry.

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Impact on business

Foodora Administration

Foodora’s administrators Worrells estimated former workers were underpaid by $5.5 million because “more likely than not … the delivery riders and drivers should have been classified as casual employees instead of contractors”.

Foodora’s parent company offered to pay all its creditors a total of $3 million, which is less than half of what it owes.

The Australian Taxation Office claims the collapsed delivery company owes $2.1 million in unpaid taxes and Revenue NSW is seeking more than $550,000.

Meanwhile, Victoria and Queensland Revenue are potentially seeking an estimated $400,000.

Instead of rectifying this situation the ATO recently announced plans to scrutinise on-demand workers and completely ignoring their employers tax avoidance, wage theft, non-payment of superannuation or refusal to cover them while they are injured or sick. Businesses who are trying to do the right thing by their workers have to compete with companies like these. It is completely unacceptable to not only Australian community standards but economically it distorts the market.

The TWU has MoUs about on-demand work with companies like Coles\(^\text{17}\) and Air BnB who want to explore the opportunities this sector brings but to do it fairly, safely and responsibly. The lack of regulation has only added another layer of complexity for those businesses who want to do the right thing.

International experience / obligations

Seattle, New York and rideshare\(^\text{18}\)

In late 2018, New York the became the first city in the United States to adopt a minimum wage for rideshare.

From the middle of January 2019, drivers receive a wage per trip that corresponds to $US27.86 per hour, or $US17.22 after expenses.

The Taxi and Limousine Commission (TLC) says the rules will result in the equivalent of a $US10,000 annual raise for 96% of New York City’s Uber, Lyft, Juno, and Via drivers.


In Seattle, the Teamsters won a landmark City Council ordinance – the driver collective bargaining ordinance. This means the Teamsters have the right to represent drivers and collective bargain for ridesharing companies like Uber and Lyft.

**Mumbai strike against Ola and Uber**

In October 2018 these drivers went on strike for 11 days bringing the city to a standstill. Mumbai has about 50,000 app-based cabs.

Drivers claimed that the base fare of Uber and OLA is Rs 6 per kilometre, which is too low and resulted in operational losses. The strike only stopped with intervention from the transport minister who called a meeting with the union and the company to resolve the dispute.

Individual nations have also taken up the fight for fairness in the new economy, with the Transport London notably banning ridesharing company Uber in 2016 due to a lack of corporate responsibility. Further, there are examples from Europe of workplaces embracing new technologies, as government and employer support have been built into their industrial and social systems to ensure that workers are the key concern during any process of change. For example, in the Netherlands riders are considered to be employees.

**ILO**

The International Labour Organisation (ILO), has been active in trying to tackle the new economy and Safe Rates. In 2015, the ILO (comprised of governments, employers and trade unions from around the world) passed resolutions to ensure passenger safety and driver rights when it came to ride-sharing apps like Uber and safety of all communities in supporting the Australian Safe Rates legislative model (dealing with issues including unsafe payment structures and client pressure).

Separately, it has established the Global Commission on the Future of Work. Its report proposes “a human-centred agenda for the future of work that strengthens the social contract by placing people and the work they do at the centre of economic and social policy and business practice.” The Commission has also called for:

- a Universal Labour Guarantee including fundamental workers’ rights, an “adequate living wage”, limits on hours of work and ensuring safe and healthy workplaces. **All workers, regardless of their contractual arrangement or employment status, must**

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equally enjoy adequate labour protection to ensure humane working conditions for everyone.\textsuperscript{26} 

- collective representation of workers and employers through social dialogue as a public good, actively promoted through public policies. All workers must enjoy freedom of association and the right to collective bargaining, with the State as the guarantor of those rights.

- Harnessing and managing technology for decent work. This means workers and managers negotiating the design of work. It also means adopting a “human-in-command” approach to artificial intelligence that ensures that the final decisions affecting work are taken by human beings. An international governance system for digital labour platforms should be established to require platforms (and their clients) to respect certain minimum rights and protections. Technological advances also demand regulation of data use and algorithmic accountability in the world of work.

\textbf{Safe Rates solution}

Jim Stanford economist and director of the Centre for Future Work at the Australia Institute has written “Employers are once again dusting off the 19th-century playbook: organising their businesses in ways that shift risk and cost to workers, and tapping a low-cost, ‘just-in-time’ workforce”. There is momentum globally and around Australia to level the playing field in this sector and recognising the need for regulation that works.

Given the transient nature of the sector and similar to the protections offered under the Victorian \textit{Long Service Benefits Portability Act 2018}, benefits and entitlements should be portable, universal and pro-rated. Workers should have a say in how any changes to the workplace are implemented and managed. All workers must be able to unionise and negotiate with the relevant entity with the economic power.

\textbf{On-demand workers have called for industry-wide enforceable standards that include:}

- Fair pay and minimum shifts – a minimum wage guarantee that reflect the work they perform and the distances they travel.

- Adequate training, including safety

- Access to WH&S including workers compensation

- Compensation for vehicle/bike maintenance

- Access to dispute handling and resolution mechanism

• A collective voice and representation in collective bargaining

• Transparency and consultation in operations

• A tripartite body established between government, registered industrial organisations (employers and workers), funded by appropriate levies to further safety, training and compliance with industrial rights in the new economy.

The debate needs to shift away from simply whether particular workers should be classified as an employee to determining what rights all workers should benefit from. Critically, every link in the supply chain must be held accountable for safe and fair outcomes for workers, particularly those at the top of the chain. We hope the outcome of this inquiry will mean that Victorian on-demand workers finally get the rights and entitlements they deserve.

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27 Australian Bureau of Statistics, 6333.0 Characteristics of Employment, Australia shows that union members achieve better pay and safety records than non-union workplaces.