



Inquiry into platform and on-demand economy

The Smart experiment

I. Introduction

Smart is pleased to make a submission to the inquiry into the Victorian on-demand workforce.

Smart is a European co-operative of freelancers and self-employed workers. Attached with our submission is a pamphlet that provides an overview of Smart.

Our submission provides information about how our co-operative supports self-employed workers and about recent policy and business developments in the gig economy in Belgium. We support the submission made by the Australian Business Council of Co-operatives and Mutuals to this inquiry; their submission provides recommendations on what steps can be taken to improve the operating environment for co-operatives in Victoria.

II. Smart in a few words

Smart is a European cooperative with a social purpose. Its mission is to promote forms of protection and mutualism for self-employed workers. The cooperative is indeed dedicated to freelancers around highly individualized and fragmented professional paths. In other words, it's a shared enterprise whose workers borrow the legal personality to acquire the means to develop their own economic activities and to obtain socialized and taxed income.

These mutualized resources focus firstly on the usual "general services" (invoicing, social and fiscal declarations, management, etc.) - accessible via a digital platform, but also on the coverage of risks (financial, commercial, and of work), and finally on individualized support. In recent years, the production tools themselves have also been mutualized (machines, tools, equipment, workspaces, etc.).

Smart is present in 44 cities in nine European countries and makes nearly 200 million euros in turnover in 2017, generated by more than 35,000 workers. As a cooperative, Smart made the statutory choice neither to remunerate its capital nor to authorize any capital gain on the shares. It does not filter its associates, no matter the length or frequency of their activity. It promotes active participative governance and social dialogue.

The cooperative is totally autonomous from the public authorities and from any subsidy and is mainly financed by contributions by its members (a single percentage of the amounts billed to customers by autonomous economic activities: 6.5 percent for Belgium) and by redistributive mechanisms organized by the State (reductions of employers' contributions in Belgium).

III. The legal or work status of persons working for, or with, businesses using on-line platforms in Belgium

Since the first of July 2016, a specific law (the so-called “De Croo Law”) determines the **legal tax framework of the collaborative economy** for platform workers in Belgium. It aims at providing a favorable tax system for income generated by activities in the digital economy. If certain conditions are met, workers’ revenues are considered as “accessory” and benefit from a favorable flat rate (10%). With this “De Croo law”, the service providers are not liable to pay social security contributions anymore (meaning that platform workers do not benefit from any social protection) and are exempt from any VAT obligation. This tax framework is subject to the following conditions:

- The revenues taken into consideration must come from services provided by individuals, outside their professional activity, to other individuals, via an electronic platform which is recognized by the authority.
- The gross taxable amount is the amount actually paid by the platform or through it, plus any sums that have been withheld by the platform or through it.
- The law limits the annual gross income to 5100 euros.

Beyond those 5.100€ per year, the income will be considered as “regular” income and taxed as such. In this case, platform’s workers are considered as **independent workers** and, in this capacity, benefit from a basic social protection.

In addition to those two status, the Government of Belgium created a **specific status for students**, who benefit from an exemption of social security contributions up to 6 648 € per year.

These recent tax framework changes have undermined the pay and working conditions of gig economy workers in Belgium and, as exposed below, have made it harder for Smart to support these workers.

IV. How Smart helped "on-demand"/gig workers working for Deliveroo

Half-way between the capitalistic and collaborative platform, Smart plays an unprecedented role through a pragmatic approach. Between 2014 and 2016, some members of Smart started to invoice services provided through Deliveroo and Take it Easy. In a very little time, the number of riders for those companies and contractualised via Smart increased tremendously: while they were only 89 in March 2015, their number is multiplied in the space of one year and reached 434 in March 2016. The Smart system was then perceived as a viable alternative to self-employment status required by the platform.



Considering this exponential growth, Smart started to look closely at their working conditions which appeared to be worrying in more than one way. Several aspects were considered problematic:

- Execrable remuneration (below legal minimums);
- Payment “per delivery” (applied by Take Eat Easy at that time);
- High risks of accidents and badly covered since badly declared;
- The practice of « Priority booking at Take Eat Easy » consisting of the attribution of deliveries to the most successful couriers resulting in a system where the remuneration of the courier is based on the number of shifts allocated by the algorithm.
- A bonus system based on the performance of couriers
 - o Rewarding risk taking
 - o Establishing an aggressive competition between couriers

Taking advantage of a certain bargaining power, Smart started to negotiate with these companies, leading to one of the first “commercial agreements” related to the food-tech domain, signed by Deliveroo and Take it Easy 2016. This agreement involved a fixed hourly rate, minimum three hours shifts, telephone cost reimbursements and a 50 % reimbursement of bicycle repairs, bike technical inspection and road safety training for each new courier, accident and civil liability insurance and a helmet.

Those two commercial agreements ended: the first one because Take Eat Easy went bankrupt in June 2016 (TEE riders that worked through Smart were the only ones paid thanks to a salary guarantee fund) and the latter because Deliveroo decided unilaterally to end the agreement in October 2017. This decision came one month after Smart had impulsed a social concertation with several trade unions and the courier collective. The objective was to strengthen negotiations with Deliveroo, which then “employed” more than 900 Smart’s deliverers in order to improve the working conditions of the platform workers, such as the wage scales, which would have been a world premiere . However, at the same time, two new measures play against the couriers (see above) and make it unnecessary for Deliveroo to use Smart to “hire” workers. As a result, Deliveroo stopped all collaboration with deliverers employed by Smart.