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United Voice Submission to the consultation: *Tackling the Black Economy – A Sharing Economy Reporting Regime*

About United Voice

United Voice is a union of workers organising to win better jobs, stronger communities, a fairer society and a sustainable future. Members work in a diverse range of industries including aged care, early childhood education and care, cleaning, hospitality, healthcare, security, emergency services and manufacturing.

Introduction and Recommendations

The gig economy is part of a wider trend toward casualisation and contingent work that has been at play in Australia for the last thirty years. To date, digital platforms that facilitate gig work represent only a small fraction of the labour market in United Voice industries. Platforms currently operating include Mable, HireUp and Care.com in aged care and disability support; Skilld and Supp in hospitality; and Whizz in cleaning.ⁱ Despite their currently marginal status, digital gig platforms have the potential to significantly undermine the quality and quantity of employment in crucial industries.

United Voice welcomes the opportunity to make a submission to the Black Economy Taskforce. This short submission echoes the more detailed evidence we provided on the gig economy in our 2018 submission to the Parliamentary Inquiry on the Future of Work and Workers.ⁱⁱ

Our recommendations concerning the gig economy remain the same as those submitted in our 2018 Black Economy Taskforce Submission:

1. Platforms should be required to provide explicit guidance and information to ensure they are not facilitating sham contracting, including an equivalent of the ATO's '[employer/contractor decision tool](#)'. They should not provide misleading advice to suggest that the workers' employment relationship is a matter for agreement between the parties.
2. The law should be changed to confirm the circumstances in which gig workers are employees, and who their employers are.
3. There should be a presumption of employment status where certain indicators are present.
4. Where it is likely that workers are true independent contractors, rates of pay should not be recommended below the relevant Award minimums.

The Gig Economy Enables the Misclassification of Employees as Contractors

We disagree with the idea that the gig economy represents an innovation in the labour market. In fact, gig work has a long tradition in the piecemeal, just-in-time work that characterised the



beginning of the 20th century. That gigs are assigned via a digital platform is innovative only insofar as technology has provided a screen for companies to jettison their obligations to employees, by classifying them as contractors. There is nothing innovative about squeezing wages and removing standard working conditions as set out in the National Employment Standards, by misclassifying workers as contractors.ⁱⁱⁱ

The simplest way to ensure people are meeting their tax obligations is for workers using gig platforms to be defined as employees, and receive the full entitlements that are covered in the National Employment Standards, including minimum wages, paid leave and superannuation. This view was supported in the final report of the 2017 Parliamentary Inquiry into the Incidence of and Trends in Corporate Avoidance of the Fair Work Act 2009. The committee also highlighted other concerns such as the encouragement of cash in hand work in the gig economy: “in the committees view the gig economy, as a rapidly growing sector, facilitates cash in hand work. The cost of this to the national economy and in particular government tax revenues is likely to be incalculable”.^{iv}

Dr. Sarah Kaine at UTS has cautioned that many gig workers won’t have enough money to retire on, representing a future tax burden due to a lack of superannuation paid by gig economy platforms.^v She argues that we need to extend superannuation to all workers. Dr. Kaine has also argued that workers take on more risk in the gig economy, such as those “associated with investing capital into businesses which they have little control over”.^{vi}

Targeting Precarious, Low-Paid Workers is Misguided

A focus by the Taskforce on recouping tax from mostly low-paid, precariously employed workers seems particularly misguided in the context of unbridled corporate tax evasion in Australia, which includes multinational ‘sharing economy’ companies.^{vii} Surely, the amount of tax that is currently not paid by workers who do not receive any superannuation, leave entitlements, or the minimum wage is tiny in comparison to the potentially millions withheld through tax dodging by multinationals. A reporting regime designed to extract more tax from low-paid workers seems particularly punitive in the context of their already precarious employment.

The gig economy also does not provide ‘flexibility’ to workers, but instead removes any minimum hours of engagement, and lets the customer decide when the worker will complete a task or provide a service. Gig platforms have an interest in workers being available and willing to take jobs during peak service times, and have been shown to manipulate workers into doing so.^{viii} Customers may benefit from the gig economy at an individual level, however in the aggregate, at the economy-wide level, few people benefit from the creation of an underclass of precarious workers who do not receive minimum wages. This is becoming increasingly evident as, to give one example, retail spending in Australia continues to contract.^{ix}

Regulation of the Gig Economy

We note that the Taskforce is concerned with the potential burden to companies of introducing new regulations aimed at recouping tax from ‘users’. There is a fairly straight-forward solution to this conundrum: enact legislation to classify gig workers as employees. Instead of enacting new regulations in an attempt to get workers to understand their tax obligations, bringing them under the purview of existing tax legislation is a much more efficient way to recoup lost tax revenue. It has the added bonus of ensuring workers are paid minimum wages, and receive superannuation and

leave entitlements. There are international precedents of gig workers being classified as workers in the U.K, and the unfair dismissal case of a Foodora worker in Australia lends support to the claim that gig economy contractors should be treated as employees and covered by the National Employment Standards at the very least, and by the relevant award.^x

The Taskforce is rightly concerned with a lack of ‘visibility’ or transparency regarding the transactions made on sharing platforms. We submit that the best way to make this work visible is to classify it as employment, and tax it appropriately. The Taskforce also indicated the need to ensure receipt of ‘sufficient and reliable information’ regarding the tax obligations of workers, and this, again, can be achieved by classifying gig ‘users’ as employees.

We contest the assertion that the ‘disruption’ caused by gig economy operators has been positive. By shifting the risks of flexibility from companies onto workers, and by offering customers cheaper goods and services without being clear that this comes at the expense of paying workers minimum wages, gig economy operators are celebrated for squeezing workers - but they can’t even seem to make profits in spite of this. That’s because their business models are not only unfair to workers, they are economically flawed.^{xi}

Digital Platforms Can Provide Flexible and Secure Work

Gig platforms don’t have to operate this way. They can provide innovate products and services to their customers, while also a providing good jobs. There is no reason that workers can’t access tasks via digital platforms, while also being permanently employed. HireUp, a platform matching disability support workers with those requiring care, employs workers directly. They pay workers according to the SCHADS award, while maintaining flexible working conditions.^{xii} According to the HireUp website, they “pay support workers fortnightly and take care of super and tax contributions on their behalf”.^{xiii} A Danish platform called Hilfr worked with the United Federation of Danish Workers to ensure workers were classified as employees. They receive:

- a minimum wage equal to A\$30 an hour
- pension contributions
- holiday pay
- sickness benefits.^{xiv}

This brings gig economy workers back into the tax system and allows them to pay income tax through PAYG. This is the most efficient way to ensure the tax obligations of gig economy workers are met.

Conclusion

Instead of a new reporting regime that may be costly to implement and oversee, we encourage the Taskforce to take the necessary steps to ensure the employee/contractor test is robust enough to account for the emergence of gig platform workers. Where certain indicators of a genuine employment relationship are present, gig workers should be classified as employees covered by the National Employment Standards. This will ensure that gig workers are afforded minimum wages, superannuation and leave entitlements, and tax is collected through the existing PAYG system. Existing business models in Australia and abroad show that it is possible to provide both flexible and secure work, and payment of minimum legal wages. Gig platforms should not be able to pay below-



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award wages, provide no superannuation or entitlements, and then have the tax office work around their business model. If gig workers are classified as employees, this removes the need for a new reporting regime for gig platforms selling labour services.

For any questions relating to this submission, please contact Natasha Heenan via natasha.heenan@unitedvoice.org.au or (02) 8204 3012.

Kind Regards,

Jo-anne Schofield
National Secretary



ADDENDUM A

Gig platforms in United Voice Industries:

- **Care:** Mable (formerly Better Caring) – a platform for aged and disability carers working as independent contractors, who set their own hourly rates. Hire up – a platform for disability support workers that classifies workers as employees, not contractors. Ubercare – a platform which guarantees that at minimum carers will be paid is \$27 (no affiliation with Uber). Available only in South Australia but with plans to launch Australia wide. Care.com – matches care workers with consumers directly with a minimum rate of \$9 per hour. The platform explicitly pushes rates downward, advising that the average rate in an inner-city Sydney suburb is \$10.89/hour. CarePilot – a platform that provides in-home aged carers on demand.¹
- **Hospitality:** Skilld; Supp – these apps match café and restaurant workers to venues. They are available in inner city Melbourne only.²
- **Cleaning:** Whizz – offers residential, commercial and business cleaning. Hometime and MyBnb – both provide property management of AirBnB's, including cleaning. Hometime is available in Sydney, Melbourne and Perth, MyBnb available in Melbourne. One Shift and Airtasker – platforms for any type of work to be requested, including cleaning.³

ATTACHMENTS

1. United Voice Submission (2018): Parliamentary Inquiry on the Future of Work and Workers.
2. UnionsNSW Submission (2017): Corporate Avoidance of the Fair Work Act.

¹ <https://bettercaring.com.au>; <https://hireup.com.au/>; <http://ubercare.com>; <https://www.care.com/en-au/>; <https://www.carepilot.com.au/>

² <https://skilld.com/>; <https://www.suppapp.com/>

³ <https://whizz.com.au/>; <https://hometime.io/>; <https://mybnb.com.au/>; <https://au.oneshiftjobs.com/>; <https://www.airtasker.com/>



ⁱ See Addendum A for a more detailed list of gig platforms in United Voice industries.

ⁱⁱ The submission is available for download from the inquiry webpage:

https://www.apf.gov.au/Parliamentary_Business/Committees/Senate/Future_of_Work_and_Workers/Future_ofWork/Submissions?main_0_content_1_RadGrid1ChangePage=4_20

ⁱⁱⁱ <https://www.fairwork.gov.au/employee-entitlements/national-employment-standards>

^{iv} See Section 8.71 of the Report:

https://www.apf.gov.au/Parliamentary_Business/Committees/Senate/Education_and_Employment/Avoidance_of_Fair_Work/Report/c08

^v <https://theconversation.com/how-gig-economy-workers-will-be-left-short-of-super-85814>

^{vi} <https://theconversation.com/workers-are-taking-on-more-risk-in-the-gig-economy-61797>

^{vii} <https://www.abc.net.au/news/2018-12-13/one-third-of-australian-companies-paid-no-tax-ato/10614916>

^{viii} <https://www.nytimes.com/interactive/2017/04/02/technology/uber-drivers-psychological-tricks.html?mtrref=qz.com&gwh=7E77EDBC58055E1EF735EF6541F7D6ED&gwt=pay>

^{ix} <https://www.businessinsider.com.au/australia-economy-retail-sales-rba-cash-rate-2019-1>

^x <https://www.abc.net.au/news/2018-11-16/foodora-loses-unfair-dismissal-case-fair-work-commission/10506470> and <https://www.abc.net.au/news/2018-12-20/uber-drivers-worker-rights-lawsuit-loss-uk-industrial-law/10637316>

^{xi} <https://www.smh.com.au/business/companies/uber-posts-us1-billion-loss-on-bookings-slowdown-20181115-p50g6n.html>

^{xii} https://hireup.cdn.prismic.io/hireup%2Fb52ac9fe-fcf1-4da0-a879-21740fdb31f2_hu_fpp_july18-1.pdf

^{xiii} <https://hireup.com.au/hireup-rates/>

^{xiv} <https://theconversation.com/tech-innovators-start-to-see-old-fashioned-benefits-of-collective-bargaining-100164>