

UBER

SUBMISSION TO THE SENATE
SELECT COMMITTEE ON THE
FUTURE OF WORK AND THE
WORKER

On 19 October 2017 the Australian Senate established a select committee to inquire and report on the impact of technological and other change on the future of work and workers in Australia, with particular reference to:

- a. the future earnings, job security, employment status and working patterns of Australians;
- b. the different impact of that change on Australians, particularly on regional Australians, depending on their demographic and geographic characteristics;
- c. the wider effects of that change on inequality, the economy, government and society;
- d. the adequacy of Australia's laws, including industrial relations laws and regulations, policies and institutions to prepare Australians for that change;
- e. international efforts to address that change; and
- f. any related matters.

The Select Committee requested interested parties to provide submissions which address these terms of reference by 30 January 2018. This submission responds to this request.

INTRODUCTION

The world of work is changing. While these changes may not be as fast or as deep as some might suggest, around the world it is clear that there are ongoing shifts towards more diverse and broader concepts of work. This transformation offers new opportunities to deliver more options to existing and new workers.

There is clearly demand for more flexible, independent forms of work. While most of this change is occurring across the economy, digital technologies are opening up reliable, diverse and unprecedented opportunities for income generation - often for those who need it most. Set across a macroeconomic backdrop of stagnant wages and persistent unemployment and underemployment we should consider independent work an opportunity to be seized, not a problem to be fixed.

Uber is a technology company with a simple vision: make affordable transportation available everywhere, for everyone and everything at the push of a button. Since our founding, we have worked to change the way people think about mobility, and continue to use technology to more effectively move people and goods. We are working toward a future in which car ownership is the exception, not the rule; so that in the future cities will be less congested, less polluted, and more affordable and accessible for everyone. We are also delivering good food from local restaurants into homes in cities and towns across Australia.

Uber's technology has enormous potential to improve how people access economic opportunities, giving power and control to individuals to access earning opportunities, facilitating work-life balance, and creating new opportunities for people traditionally marginalised from the labour market. We believe that digital apps should improve the way people earn and create better opportunities, consistent with the social contract, and that everyone, should be able to find good earning opportunities, that they can access in the way they choose, and to have access to adequate social protections.

Uber is committed to engaging in constructive discussions on how technologies such as ours can contribute to new models of social protection that harness the potential of flexible independent earning opportunities in Australia. We are committed to working with stakeholders to deliver tangible improvements for our partners today and long-term policy solutions including through exploring portable benefits and lifelong learning.

These are deep and complex questions that policymakers have grappled with for decades. The ideas and community expectations are likely to evolve over time as we engage in open dialogue on these important policy issues.

We thank the Select Committee for the opportunity to provide our views on the terms of [reference](#).

ABOUT UBER IN AUSTRALIA

Uber launched uberBLACK - a limousine service - in Australia in Sydney in 2012 and consequently launched uberX - a ridesharing service, in 2014. Today, ridesharing is recognised and regulated as part of the point to point transport sector in all Australian state and territory jurisdictions. Today we connect riders and drivers in more than 19 towns and cities across Australia. Over 82,000 people use the Uber app as independent contractors to deliver shared rides around Australia.

In 2015, we also launched uberEATS. UberEats is now operating in 12 Australian cities, an on-demand meal delivery service powered by Uber. UberEATS helps local restaurants to reach more patrons, and it provides more opportunities for those who want to work flexibly, with typically lower barriers to entry than becoming a licensed driver.

Drivers and couriers using the Uber apps do so independently, with no employment selection by Uber and no exclusivity arrangements with Uber. They access the app where, when and for how long they want. Drivers and couriers can simply log in or out of the Uber apps whenever they choose to start or finish driving.

Ridesharing is a regulated activity in all Australian jurisdictions. Primary legislation in all states includes:

- additional licensing and fees,
- background checks;
- insurance requirements;
- health and medical checks; and
- occupational health and safety requirements.

The presence of Uber in Australia has fundamentally changed the personal transport market for the better, increasing competition, generating incoming earning opportunities for thousands of Australians and delivering significant improvements to the 3.4 million customers who choose to access the safe, affordable and reliable experience ridesharing offers.

In addition to the driver and delivery partners who connect through the Uber app, Uber directly employs over 300 people across 5 offices in Australia.

INDEPENDENT CONTRACTING – AN ESTABLISHED MODEL

There is much that is new about Uber - not least our technology. Independent work and independent contracting, however, are not a new phenomenon. The drivers who use Uber are self-employed and they access the Uber platform for lead generation at their own discretion.

Uber set out with a simple mission of helping people get from A to B at the push of a button. Along the way we have learned a lot about the motivations people have for choosing independent work; and the barriers they face pursuing these kinds of economic opportunities.

First, it is important to remember that independent work in Australia is nothing new. The Australian Bureau of Statistics (ABS) estimates that approximately 1 million Australians operate as independent contractors as their main source of income. This represents approximately 9% of all employed persons as at August 2016.¹

Around 60% of drivers who partner with Uber tell us that they use driving to supplement existing sources of income.² Notwithstanding Uber's significant growth since 2012, drivers and delivery partners only represent a very small portion of independent contractors in the Australian economy. Any policy or legislative changes that could come to impact this sector need to be carefully considered and modeled to understand its economy wide impacts.

THE VALUE OF INDEPENDENT WORK

While digital intermediaries like Uber, Airtasker, Airbnb, TaskRabbit, Etsy, Upwork, only make up a small fraction of independent work they can bring significant benefits. For example boosting participation in the labour market, reducing unemployment, reducing under employment and raising productivity.

As a recent study by McKinsey found: "Independent work has seldom been the focus of policy, in part because the many permutations of such arrangements make it difficult to measure and pin down". These challenges of measurement are real, and mean that official statistics do not capture the full picture:

"...government data do provide some evidence on the number of people engaged in independent work as their primary source of income... Yet government data significantly undercount those who engage in independent work to supplement their income. These individuals may be traditional jobholders who do independent work on the side, or they may be retirees or students who do not fully rely on these earnings."³

Official figures likely understate the demand for this type of work. McKinsey estimate that some 20 to 30% of the working age population in the US and Europe engage in some form of independent work.⁴ They define independent work as work with a high degree of autonomy; payment by task, assignment, or sales rather than a fixed salary; and a short-term relationship between the worker and the client.⁵

Work that is flexible to people's schedules - in particular family life or studies - has traditionally been hard to find. This has shut certain people out of the workforce altogether.

¹ Australian Bureau of Statistics 6333.0 - [Characteristics of Employment](#), Australia, August 2016

² Uber Australia - Driver Study 2H2017 conducted online between 13-17 October by YouGov

³ McKinsey Global Institute, [Independent work: Choice, necessity, and the gig economy](#), October 2016, p. 3

⁴ McKinsey Global Institute, [Independent work: Choice, necessity, and the gig economy](#), October 2016, p. 3

⁵ Ibid, p. 2

For example personal commitments, in particular childcare, can make full-time or even traditional part-time jobs difficult. Independent work offers an alternative because people can tailor it around their lives.

With Uber, people decide where, when and for how long to drive. They are free to turn off the app and stop driving at any moment. There are no set shifts or any obligations of driving for a set number of hours at any one point in time. In other words, their needs determine their work schedule—and nothing else.

What is interesting is that people who use the Uber app value this flexibility and independence the most.

For example, in October 2017 we surveyed over 1500 Australians who had driven on the app in the preceding month. Of those surveyed:

- 94% believe flexibility is the key attraction to driving on the Uber app;
- 87% agree they enjoy driving on the Uber app as a way to make money;
- 80% agree that having the flexibility to be their own boss and choose their own hours is more important than a flat hourly rate of payment for driving; and
- 8 in 10 (80%) Uber drivers would not be able to drive on the Uber app if they had to drive fixed shifts.⁶

The extremely high value driver partners place on flexibility is repeated in survey data from around the world. It is for the same reason that McKinsey's research found that for every independent worker who wanted a traditional job, more than two traditional workers hope to shift to more flexible work.⁷

A path back to work

Services like Uber can play a role providing a path back to work, or offering additional work for those who need it, including for under-represented groups, the unemployed, women, stay-at-home parents, retirees and students.

Around the world we have seen from surveys that significant numbers of drivers who choose to partner with Uber had previously been unemployed.⁸ For example, in Belgium we found that 21% of drivers using Uber had previously been unemployed. In Portugal a survey revealed that 52% of drivers had been unemployed before joining Uber, 33% of them for a year or more.⁹ Similarly, a study in France¹⁰ found that 25% of drivers on uberX were unemployed prior to starting using the app, 43% of those for more than a year. Another more recent survey¹¹ found that 39% had previously been unemployed. As Emmanuel Macron, then French Minister for the Economy, at the time noted:

“With the model that Uber offers in the Parisian region: people that are often the victim of exclusion chose individual entrepreneurship, because nowadays, for many young workers, it is easier to find a client than an employer”¹²

For example, in Newcastle in the United Kingdom, Jobcentre Plus and Profound Services - third party employment agencies - are helping people apply for a private hire licence, sign up to use the Uber app and provide for their families.

It is encouraging to see that the Federal Government in Australia has recognised that new economic opportunities can be made available through **platform based models**¹³ and we welcome their investment connecting Australians looking for employment with platform based opportunities.

⁶ Uber Australia - Driver Study 2H2017 conducted online between 13-17 October by YouGov

⁷ McKinsey Global Institute, **Independent work: Choice, necessity, and the gig economy**, October 2016, p. 7

⁸ IPOS, June 2017

⁹ Observador, Depois das queixas, **Uber Portugal quer motivar motoristas com descontos**, 7 March 2017

¹⁰ Landier, Szomoru and Thesmar, **Working in the on-demand economy; an analysis of Uber driver-partners in France**, 4 March 2016

¹¹ Harris survey, cited in FranceInter, **Uber, premier “employeur” des cités ?**, 14 September 2016

¹² Translated from Le Monde, Emmanuel Macron : « On n'a pas tout fait pour l'emploi », 6 January 2016

¹³ <http://www.innovationaus.com/2017/11/Govt-funds-gig-economy-platform>

A path for people with a disability

Being self employed as a driver can be a good opportunity for people looking to make money and join (or rejoin) the labour market. However, significant upfront costs¹⁴ before someone can get their licence and get on the road also make it harder for those out of work to be able to access these opportunities. In order to take advantage of the genuine two way flexibility offered by app based work low friction and low cost entry and exit are extremely important.

Uber can also help people with disabilities, and other groups who have traditionally struggled to find meaningful, reliable work. For example, even in times of high employment nationally, the unemployment rate among the deaf and hard-of-hearing can be much higher than the national average. But thanks to technology, for example the ability to communicate by text, Uber works just as well for these drivers as anyone else.

With various text prompts and visual features, audio is not needed for full functionality of the Uber app. Assistive technology such as visible and vibrating alerts can help riders use the Uber app easily. In-app features, such as the ability to enter a destination or SMS your driver ahead of your trip, ensure effective communication from the rider to the driver partner. The Uber app also has products designed specifically for Deaf and Hard of Hearing driver partners. These features were developed following extensive conversations with Uber's Deaf driver partner community, who helped identify the interactions and improvements in the driving experience. App features include:

- The Uber Partner app signals a new trip request with a flashing light in addition to the existing audio notification.
- The option to call a Deaf or Hard of Hearing driver is turned off. Instead, riders are only given the option to text their driver if they need to provide special instructions for pickup.
- The app adds an extra prompt for riders to enter their destination ahead of their trip and lets them know that their driver is Deaf or Hard of Hearing.

Peter, an Uber Driver Partner, is from Point Cook in Victoria and has battled with discrimination and difficulty finding a job due to his disability. When Peter signed up to become an Uber driver partner, he was told that being Deaf did not matter, the technology helped him overcome the issue of communicating with riders.

“At first I was a bit nervous about communicating with clients but, after a few trips, things were going really smoothly and so my confidence grew. It has been challenging to get a job that I have really wanted and there is a constant reluctance of employers to put me on, due to my deafness”

Tax

Just like the vast majority of self-employed taxi and private hire drivers, drivers who use the Uber app are responsible for paying their own taxes. Uber partners have their own online dashboard, which shows all the fares that they have earned while using the Uber app. And every seven days, they get an email update setting out their earnings for the week.

In the Australia we have partnerships with third-party tax experts, such as H+R Block and Air-Tax who partner-drivers can turn to for advice. Because these earnings are electronically tracked and recorded, it's easier for drivers to declare them than the cash given/taken in traditional taxis.

¹⁴ Including fees for private hire licence, private hire vehicle licence, medical tests, background checks

¹⁵ Uber, [Uber Teams Up with Communication Service for the Deaf to Expand Work Opportunities for Deaf Drivers](#), 19 April 2016

¹⁶ <https://www.ato.gov.au/General/Gen/Ride-sourcing-2016-19-data-matching-protocol/>

In the Australia, we have partnered with Airtax to supply access to driver partners to their business tax and GST platform. This platform allows drivers to automatically calculate and produce Business Activity Statements and make direct tax payments. This makes it simple for drivers to ensure they pay the right amount.

It should be noted that there are formal [data sharing agreements and protocols](#)¹⁶ in place between the ridesharing industry and the Australian Tax Office (ATO). The purpose of this data matching program is to ensure that taxpayers are correctly meeting their tax and registration obligations for ride-sourcing enterprise and services. Uber participates fully under these arrangements with the ATO.

Flexibility as a pathway

Underemployment and disengagement from the labor market, remain challenges in Australia despite a strong economy and generally low unemployment. Genuinely two-way flexible economic opportunities like Uber offer additional income for those who want it, including women, stay-at-home parents, retirees, students, people with disabilities and other groups who have traditionally struggled to find meaningful, reliable work.

Another benefit for services like Uber is the impact on social inclusion and integration. Work is one of the most important factors in social inclusion. Integrating minorities, such as refugees. Apps like Uber offer access to useful income opportunities for people independent of their background and situation. Many of these people have difficulties finding an employer or a first employment opportunity, but have the will and the ability to earn. Meeting the demand helps resolve the problems of social exclusion.

Barriers to independent work

With more than a million drivers using Uber around the world, we have been able to see the impact that overly burdensome regulations can have on people's ability to find work.

The process of getting a licence can be costly and time consuming. In some states, it can take weeks or even months for drivers to get through the application process. In addition to the time frames the costs associated with licensing can unfairly discriminate against individuals who can not readily deal with high upfront cost.

Licensing barriers create costs for those wanting to work independently, and also impact how people choose to work. For example, we see that in places with higher barriers to becoming a driver, they tend to spend more time driving. In the United States, in New York City, where there is a high cost to becoming a driver, just 36 percent of drivers work an average of less than 15 hours per week, while in low-cost Orange County 93 percent do.¹⁷

This pattern has been reflected in Australia also, with states with high upfront costs an a longer licensing lead time, like South Australia and Western Australia seeing a higher proportion of drivers that drive more than 10 hours a week.

Low friction regulations do need not mean light touch, as all state regulations are built on a strong safety imperative. The online nature of platform based work offers significant opportunities to greatly simplify regulatory activity and compliance. Digital transaction records and the capacity to share accurate, live data with regulators offer a number of untapped opportunities to greatly simplify the engagement between business and government.

Finally, some barriers are related to today's tax and social security systems. Independent workers tend to face more (instead of less) complexity when it comes to fulfilling their tax obligations than traditional employees.

¹⁷ Rob Solomon, [When it comes to driving with Uber, all cities are not created equal](#), 20 June 2016

Barriers to developing new skills

We support a focus on skills development and life-long learning. For example, opportunities like driving using Uber can help people learn to become micro entrepreneurs - skills that are useful in starting other small businesses. We believe there is role for digital intermediaries in providing tools and partnerships for their customers (for example drivers in Uber's case).

Independent work can also be an important tool to support people during transitions, including those arising from job displacement. Being able to quickly start earning a living, and fit that work flexibly around retraining will help people adapt to the future.

However current employment classifications create significant disincentives: they can mean that offering training to these partners can compromise the self-employed status of the individual. We believe that companies should be incentivised, not penalised, for helping independent workers access training, as well as other perks and benefits.

Within the constraints of the current law, in the United States, we recently announced a new pilot program to expand educational opportunities for driver-partners in the Greater Pittsburgh area by teaming up with the Community College of Allegheny County (CCAC). In the upcoming Spring and Summer 2018 semesters, qualifying drivers will each have access to financial incentives, applicable toward tuition, fees, and textbooks for courses at CCAC. Similarly, in the UK we will pay for drivers to complete one qualification on online learning platform, FutureLearn. We are also offering a free and optional English language course for drivers which includes speaking, listening, reading and writing exercises. The app, Busuu, has new content developed for drivers.

HOW UBER SUPPORTS DRIVERS IN AUSTRALIA

Why partners drive with Uber

Drivers choose to partner with Uber for many different reasons, but research has consistently shown that the ability to be their own boss is one of the top reasons. In France, 87% of Uber driver partners say that a major reason to drive with Uber was "to have more flexibility to set their own schedule". In Australia 94% report that "flexibility is the key attraction to driving on the Uber app"

This preference for independence is also revealed in how drivers use the app. In Australia 43% of drivers decide on how many hours to drive depending on what else they have going on in their life that week 31% set a goal for the total amount they want to earn in any given day/week/month.

Driving is an entrepreneurial activity, with a great degree of choice and control exercised by the driver that directly affects their earnings potential, including choosing when and where to drive, as well as whether to buy, rent or lease a vehicle, its fuel efficiency and so on.

As you would reasonably expect to see with taxis and restaurants, those who operate at busier times and high-demand areas are likely to earn more than those who choose to work in quieter areas at off-peak times. When using Uber, they are also entirely free to work elsewhere at the same time - for example they could be working from home doing telephone sales with the Uber app on or be driving or delivering for multiple platforms at the same time.

¹⁸ Landier, [Szomoru and Thesmar, Working in the on-demand economy; an analysis of Uber driver-partners in France](#), 4 March 2016

¹⁹ Uber Australia - Driver Study 2H2017 conducted online between 13-17 October by YouGov

²⁰ Uber Australia - Driver Study 2H2017 conducted online between 13-17 October by YouGov

Designing the app to support drivers

We have designed the driver app to help drivers easily access information they need to make the best decisions for themselves about when, where and how to work. We give drivers recommendations on which parts of a city are busier than others at a given time, and share information that makes it easier for drivers to track their progress and earnings in real-time.



Many features of the app are also designed to enhance both rider and driver safety. For example, before taking a trip request, a driver is shown a rider's rating and vice versa. And at the end of a trip, both rider and driver rate the experience. We then make it easy in the app for drivers to see how riders have rated their service, and tips for how to deliver a 5-star experience to their riders. This feedback gives driver partners the tools they need to lift their earning potential and improve the performance of their business.

Over the years, we have heard feedback from our drivers about features they would like to see added to the app, or changes they would like to see in our policies and procedures. As a result of their feedback, we have built features like Driver Destinations, which allows drivers to input their destination and request that Uber only send trip requests that are en route. This feature helps drivers to continue earning even when they are on their way to or from home.

Partnerships

In Australia drivers who use Uber are also able to take advantage of a number of partnerships we have established with third parties, that provide drivers with access to exclusive discounts and services.

In Australia this is delivered through our driver partner loyalty program **Momentum**. Driver Partners are able to collect points when they drive and unlock access to a range of personal benefits. These include car rentals and purchases, phone subscriptions, car washes, vehicle services, tax and personal financial advice, specialised insurance cover, health and wellbeing benefits and more—the things to help drivers manage costs and run a successful small business.

We expect these types of partnerships to grow as more companies see business opportunities in building innovative solutions for independent workers.

International Directions for Reform

Around the world Uber has made clear its intention to work closely with policymakers to improve the policy frameworks which support individuals to access the flexibility to work multiple jobs, temporarily or long term, with varying schedules—while experiencing the stability of a safety net. Most recently the Chief Executive Officer Dara Khosrowshahi signed a joint letter with union leader David Rolf of SEIU 775 and Nick Hanauer founder of Civic Venture Partners calling on policy makers in Washington State to support the development of an account based system of portable benefits scheme. The letter sets out five principles for the development of a scheme, specifically for portable benefits in Washington State in United States.

The principles include:

Flexibility - continuing to deliver reliable economic opportunities that are available for people when they want it and leaving them in control through establishing a system of individual accounts that follow workers and enable them to readily change the nature, structure and intensity of their work while continuing to have access to social benefits or protections.

Proportionality - ensuring that any new system accounts for differentiated and diverse connections to work through proportional contributions to be developed and determined through an ongoing independent, expert-driven process that recognizes the need to promote a rising standard of living as well as healthy, profitable businesses.

Universality - build more resilience in our communities by ensuring that any new scheme is universal in its application and supports the movement, growth and development of people across businesses, industries, sectors and life stages regardless of how they get work while providing businesses with legal certainty over their work arrangements.

Innovation - promote the development of innovative products and systems that respond to and enhance independent work, establish open platforms to enable all organizations to compete for contributions and create arrangements for social investments from private and public sources.

Independence - ensure that independence and choice are paramount in the development of any scheme and that organizations act in the best interests of individual members.

Business and employment frameworks vary greatly across the 84 nations and over 780 cities that Uber operates within. There will always be national and regional differences in the way relationships in the economy are regulated. As a business we remain committed to working with driver partners and local policy makers to offer innovative solutions to the changing nature of the economy.

²¹ <https://www.uber.com/newsroom/building-portable-benefits-system-todays-world/>