

Technological change and the future of work

Submission on the
Productivity Commission's Issues Paper

June 2019

Uber





Introduction to Uber

Uber in New Zealand

Since Uber's New Zealand launch in 2014, hundreds of thousands of New Zealanders have taken up the option Uber provides to get where they need to go safely and conveniently, at the touch of a button. Similarly Uber Eats, launched in 2017, has already been embraced by Kiwis.

Unlike most traditional jobs, including many independent contractor roles, partners have the freedom to choose whether, where and when they log on to the app, as well as the ability to do whatever other work suits them - including working for competing platforms.

This genuine two-way flexibility, reflected in a partner's ability to set and adjust their own schedule in real time with no constraints imposed by Uber, is what sets us apart and has made us a great earning option for over 6,500 New Zealanders.

The future of work

As the Commission notes in the Issues Paper, independent work is nothing new. While the rapid emergence of digital platforms has led to a focus on entitlements and protections for independent contractors, zero-hours contracts and other arrangements in what are otherwise traditional employment relationships also pose challenges. Uber believes it is not so much the legal classification of workers, but whether they are participating in high-quality work that matters most.

Platforms like Uber's can play a role in improving the quality of work available, regardless of a worker's classification. In addition to maintaining the accessibility and flexibility that makes the Uber platform unique, we believe that worker protection and opportunities for professional growth should be part of the digital transformation, including in particular a commitment to lifelong learning.

Uber is looking forward to being part of the conversation.

What policy objectives should government pursue for the labour market of the future?

How we think about the future of work

The ability to access work easily and perform it flexibly has led millions around the world to seek opportunity through Uber and platforms like it. But for all the virtues of independent work, it also has its challenges. We believe we can improve the quality and security of independent work, while preserving the flexibility independent workers value.

We all have a role to play in making sure that all work is quality work. Because, while tomorrow brings new and unexpected challenges, there's no reason we can't begin to lay the groundwork for the future of quality work today.

Globally—and consistent with the broad goals identified by the Commission—we think this translates to four guiding principles:

1. **Access.** Removing barriers to entry, allowing those transitioning back into the workforce, or who otherwise have difficulty finding work, to take advantage of earning opportunities.
2. **Flexibility.** Providing genuine two-way flexibility, allowing people to manage and vary their portfolio of work to meet their particular needs.
3. **Protection.** Ensuring workers have access to a set of benefits and entitlements to protect themselves and loved ones in times of illness, injury, or when it's time to retire.
4. **Opportunity.** Promoting social mobility by enabling access to lifelong learning and development opportunities.

We consider these principles in the context of the Commission's consultation themes below.

Smooth transitions

The speed and intensity of digital innovation and technological transformation around the world will continue to create uncertainty about jobs. While people may disagree over the impact of automation on work, most agree that workers will be changing jobs more frequently and we need to find ways to ease transitions and prepare people for new pathways.

In its recent report on automation, the Prime Minister's Business Advisory Council observed that technological transformation necessitates changes in both the design and delivery of education,

including vocational training. Lifelong learning, focused on skills development, is a crucial part of achieving a smooth transition.

Globally, Uber is working with partners, stakeholders and policymakers to focus on four key areas:

- Navigation: Empowering individuals to make informed choices about learning by facilitating access to advisory and coaching services for enrollment, as well to career planning services.
- Options: Greater access to high quality, affordable educational opportunities by offering flexible, portable and scalable development or learning options with financial support or by connecting them to existing funding sources.
- Recognition: Creating opportunities for recognition and credit for skills and experiences learned in work and (and streamlining prior credit usage) that can be stacked to reduce costs and time to complete full qualifications.
- Networks: Helping build professional networks that help individuals, and their families, access additional economic opportunities.



In the United States, our partnership with Arizona State University offers eligible drivers (or their families) tuition-free access to degree units, entrepreneurship programs and English language courses. We would like to work with Government to explore similar arrangements in New Zealand, and believe that New Zealand's progressive stance on micro-credentials could support initiatives like this into the future.

The Government of Singapore has established personal lifelong learning accounts for Singaporean citizens, enabling access to around 25,000 pre-approved courses across a range of providers, including assessment fees. These accounts follow the individual throughout their working life. Similar concepts are being explored in the United States. We agree with the Prime Minister's



Business Advisory Council that the New Zealand Government could consider introducing such programmes, similar to existing superannuation accounts, to help ensure the workforce is prepared for digital transformation.

We also believe that experience acquired in the on-demand economy should be recognised. Uber driver and delivery partners are independent contractors who run their own businesses. In doing so, they acquire a range of skills relevant to other employment, including digital literacy, customer service skills and time and expense management. Uber would like to work with government to develop a system that provides for appropriate credentialing in relation to these skills gained by Uber driver and delivery partners, which they can then use to secure future employment opportunities.

Independent workers' income and experience needs to be recognised in more practical ways also. Just as the earnings generated by Uber driver and delivery partners is recognised for tax purposes, Uber would like to work with governments and private sector institutions to ensure income drivers earn and hours worked on the platform are fairly accounted for - for example, when they apply for a loan. Similarly, we would like to work with government on initiatives that make it easier for independent contractors to provide income information for the purpose of government benefits such as childcare subsidies.

Protections for workers

Uber believes that everyone should have access to a set of affordable and reliable social protections, whatever category of work they are in, to meet New Zealanders' expectations that everyone gets a "fair go".

Uber recently announced a new Partner Support and Protection package in partnership with Chubb Insurance and Converge International in Australia, providing personal accident cover, as well as access to counselling services should something go wrong while on a trip. Elsewhere in the world, we have been able to go further. In Europe our partnership with AXA provides a range of insurance coverage including sickness, injury and maternity & paternity payments for drivers and couriers when they are on and off the Uber app.

While we would like to offer a better experience and more support and benefits through our app for driver and delivery partners across New Zealand, this approach is not contemplated in the existing binary construct of employment law and could risk undermining the very flexibility that we know New Zealanders who choose to partner with Uber value.



Uber

This risk may be addressed by the government providing greater clarity on the application of the law and in particular confirmation of the situations in which the provision of additional benefits does not impact on the classification of individuals.

For example, in France, the Macron Government has proposed an innovative framework called the “social charter”, aimed at solving this situation and encouraging platforms to improve independent worker protections and working conditions. Under the French social charter proposal, each platform provider would be allowed to list benefits, training and other conditions provided to independent workers in a “social charter” which would be verified by the administration and could not be seen as indicator of an employment relationship. One of the requirements of the social charter is guaranteeing the non-exclusive nature of the relationship between the worker and the platform and the freedom for the worker to use (or not use) the platform.

This would empower platform businesses to provide and do more, without challenging the independent status of individuals accessing the platforms.



Flexible working conditions

Policy settings should protect genuine two-way flexibility

The term “flexible work” is used to describe a diverse range of working models. While some forms of work provide flexibility to employers or the contracting party, they do not offer very much control and flexibility for individuals themselves. Even in casual engagements, employers establish rosters which dictate when, where and for how long a casual employee must work, restricting an employee’s ability to enjoy true and absolute flexibility.

Similarly, among the different kinds of independent work, there are significant differences in the level of discretion exercised by individuals. For example, in the taxi industry, drivers are often required to pay an upfront fee to the operator, are required to accept jobs, and to work certain



shifts or in certain locations. Similar arrangements exist in the independent courier industry, and under certain franchise arrangements.

Among digital platforms there are also significant variations in business models, with some apps requiring set shifts, exclusivity and a requirement to accept jobs, among other things. With Uber, users decide if, where and when they want to work and can stop at any moment. There are no set shifts, scheduled hours or delivery zones. There is no obligation to work at all, or to use the Uber app exclusively; driver and delivery partners can simply log in or out when and where they choose.

We know driver and delivery-partners value and make use of this flexibility

More than just an idea, flexible work is worth protecting for the real value workers derive from it. In our September 2018 survey of Australian driver-partners who were regularly using the app, they told us there were two key motivations to drive with Uber: the first was the need for flexibility over hours; the second was to supplement existing income. Of the drivers surveyed, 93% said it was flexibility that was the main attraction.

Last year we worked with Oxford University on a study of drivers using the Uber app in London, looking at their earnings and well-being. The study found that drivers had higher levels of well-being than the wider London workforce, including those earning a higher hourly wage than drivers. It concluded that the “higher subjective well-being partly can be explained by strong preferences for flexible work among the majority of Uber drivers, and the fact that they have full discretion over working hours”.

As well as being a preference, we know driver and deliver-partners actually make use of this flexibility. This year, Alphabet’s study on Uber in Australia, Flexibility and Fairness, found that average hours worked and the composition of those hours vary considerably. For example, only 13% of driver-partners work a consistent number of hours per week and only 10% work a consistent mix of weekday and weekend hours. Similarly, the Oxford University study found that more than a third of driver-partners adjusted their hours logged into the Uber app by more than 50% on a week-to-week basis.



Low barriers to participation and mobility

Thanks to the relatively low friction and low cost of access to the Uber app, Uber can help people who have traditionally struggled to find work or who are transitioning back into the workforce including students, recent migrants, people with caring responsibilities and older New Zealanders. We think employment law should preserve the ability for these workers to access flexible work of the sort Uber provides.

The Flexibility and Fairness study in Australia found that 42% of driver-partners were not in full-time work immediately prior to commencing using the Uber app. Nearly 17% were in part time work, 3% were students, 4% were retired and 7% were unemployed. Of those who were unemployed, more than 70 percent had been without work for more than 3 months.

Uber can also present an accessible earning opportunity for people with a disability or access needs, who may have otherwise been shut out of other opportunities. 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. The Uber app has products designed specifically for Deaf and Hard of Hearing driver-partners.

A dynamic and productive economy that rewards innovation

The story of Uber is one of innovation in the face of entrenched interests and an old-fashioned approach to customer service. The fact that being able to get a ride at the touch of the button has become such an important part of the transport picture throughout seven cities in New Zealand, in just a few years, illustrates the power of innovation.



Uber has changed the way people get around in 600 cities around the world, and we are only just beginning. We know that the future of transport is not going to be centred on private car ownership and will instead demand connected, multi-modal journeys. That means shared, active, public and ultimately autonomous modes, working seamlessly together. We have already launched successful public transport partnerships in cities like Sydney and Canberra to help expand the reach of the public transport network and find solutions to the first and last mile problem, using our sophisticated pooling technology to better leverage existing public transport assets.

As well as working in partnership with public transport, we are investing in new modes like e-bikes and e-scooters through JUMP, which we will be bringing to New Zealand later this year. And there's more to come; we are working towards trialling Vertical Take-Off and Landing (VTOL) passenger vehicles, known as Uber Air, in 2020, with a view to commercialisation in 2023.

We support policy settings that promote and reward innovation so technologies and platforms like Uber can be conceived of, funded and developed in New Zealand.

Conclusion

The future of work in New Zealand presents a complex policy challenge. It is in everyone's interests to support smooth transitions, protect flexibility and accessibility, and ensure policy setting encourage and reward innovation at the same time.

We believe high quality independent work will be a significant and valuable part of tomorrow's economy. We are looking forward to being part of the conversation with government, workers, business and the broader community.