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OPINION

Digital ‘gig work’ companies are getting a free ride on the backs of taxpayers

The problem with gig companies is that workers must be considered self-employed. Is this the future of work in Ontario?

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Ontario’s Workforce Recovery Advisory Committee is about to release its recommendations on leading the future of work in Ontario. But will they address the problem of how we taxpayers keep subsidizing gig courier and ride-hail companies like Uber and SkipTheDishes?

The problem with gig (or digital platform) companies is that their success seems to be not so much due to the technology — algorithms aren’t new — but that the workers must be considered as self-employed. While many see these companies as providing entrepreneurial and innovative forms of work, I’d like to raise two objections. First, digital platform work isn’t all that flexible or rewarding; second, we taxpayers are picking up the bill for these operations.

If you don’t work in certain busy parts of town and at certain peak hours, you can’t earn decent money. My research team and others have found that ride-hail and food delivery drivers often end up earning less than minimum wage once they factor in costs such as car maintenance, gas and waiting times.

Digital platforms tell drivers things like what route to travel and deadlines for delivery. They create driver scores based on indicators like how many orders they accept and passenger ratings. If it goes too low, they are deactivated from the app — they get fired.

And the information is one-sided. The Uber drivers in our study never knew exactly how many rides they could safely turn down, or how any specific customer rated them. All they were provided was a summative score that went up or down every day.

Another problem is the system of peer rating. We found that it prompted workers to take risks in order to avoid low scores. So, if an Uber customer asked a driver to speed, or if a customer refused to wear a mask during COVID-19, the driver weighed their options: do I take a chance pushing back, or do I pay my rent this month?

Setting up workers as self-employed seems to be at the crux of the digital platform model. But is this fair for workers, employers and Ontario taxpayers? These workers have no access to the fair working conditions that have been enshrined in our labour standards and workers' compensation acts: no overtime, no minimum wage, no parental leave and no income replacement when injured.

What is less discussed is what this model means for Ontario employers. By accepting digital platform workers as self-employed, we provide digital platform companies with a distinct competitive advantage. Unlike other employers, the platforms have no employment obligations and can pay workers any rate they like. They don't have to pay into Employment Insurance, the Canada Pension Plan, or workers' compensation.

These companies are free riders. When their workers are injured on the job, their health care is funded by the Canadian Medicare system, not by (employer-funded) workers' compensation insurance. When without income, these workers must turn to taxpayer-funded Ontario Works, not (employer-funded) Employment Insurance.

Just because they are high tech, why does this excuse digital platforms from obligations carried by other Ontario employers? We have effectively created a subsidy for digital platform companies. We are all picking up the tab for these workers who are classified as nonemployees.

How will Ontario's Workforce Recovery Advisory Committee address this situation? I worry that they will follow Uber's plan for a "third way" that creates a benefits pool for workers but that continues to be a free ride for digital platform companies. The right thing to do is to require digital platform companies to provide decent work, including minimum wage, and to pay their fair share of contributions into our social security systems.

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