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Secretary to the Select Committee on the Gig Economy
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Re: Select Committee on the Gig Economy

Thank you for the opportunity to make a submission to the Committee Inquiry.

The South Australian Council of Social Service (SACOSS) is the peak non-government representative body for health and community services in South Australia, which includes over 1,000 organisations, with a combined revenue of \$4.7bn per annum and employing more than 50,000 South Australians.

SACOSS has a vision of *Justice, Opportunity and Shared Wealth for all South Australians*, and a mission to be a powerful and representative voice that leads and supports our community to take actions that achieve our vision, and to influence public policy in a way that promotes fair and just access to the goods and services required to live a decent life.

Our membership includes charities, organisations and individuals working in a range of health and community services sectors. We remain conscious that in some parts of these sectors employers are increasingly interacting with workers and contractors primarily via digital means in ways that mirror elements of the broader gig economy workforce.

SACOSS has undertaken a series of investigations¹ into people living in waged poverty - that is, where household income is below the poverty line and the principle source of income is wages not benefits, or where wages are insufficient to meet normal costs of living. We have documented the experience of these households in relation to energy poverty and telecommunication costs and are currently scoping a new project to examine health outcomes and health service utilisation of this population. While not all people experiencing waged poverty are gig economy workers, precarious, unpredictable and poorly paid work is one of the key factors associated with being in a waged poor household and therefore our work is of relevance to the Committee's terms of reference, specifically:

- d) the impact of gig economy work on families, communities and businesses
- e) the individual, business, community and state-wide economic impacts of the gig economy
- h) current support available to workers and employers

Waged poverty and gig economy workers

At least a quarter of Australian households experiencing poverty have wages as their main source of income – around 1.2 million people

SACOSS defines waged poverty as a household living below the poverty line with the main source of income being wages and salaries (rather than social security benefits). In 2019 SACOSS found that households experiencing waged poverty make up nearly a quarter of all households experiencing poverty and 3.2% of all Australian households.

South Australia has a greater proportion of households experiencing waged poverty (8.2%) than would be expected from our share of the national population (7.7%). More recent Australian data suggests 7% (around 1.2 million Australians) are living below the poverty line in households where wages are their main source of income. This equates to around 38% of all people experiencing poverty.ⁱⁱ

It is possible that as many as 9000 gig economy workers in South Australia are living below the poverty line

The recent McKell Institute Report *Tough Gig Worker Perspectives on the Gig Economy*ⁱⁱⁱ found that many workers in the gig economy are earning below the minimum wage. The report suggests 45% of transport workers, 57% of delivery workers and 44% of rideshare workers earn below the minimum wage with that proportion increasing for gig economy workers undertaking full time work hours (40+ hours per week), as their marginal hourly rates of pay decline with increasing hours. Using the report's estimates of the number of gig workers in Australia that may be earning less than the minimum wage (90,000-112,000) it is possible that as many as 9000 South Australian gig economy workers may be earning less than the minimum wage and are at risk of experiencing waged poverty.

The impacts of waged poverty and gig economy work

Gig economy workers experiencing waged poverty are likely to be spending more of their income on energy and telecommunications than other households

SACOSS research has found that compared with other households, households experiencing waged poverty have a distinct demographic profile. Households experiencing waged poverty are more likely to be couples or couples with children (compared to other households experiencing poverty where single parents predominate), to have only a single income earner, and are more likely to rent.

Our research found that these households are likely to be spending more of their disposable income on energy and telecommunications than other households. Many households experiencing waged poverty have difficulties paying energy and telecommunications bills and may cut back on usage to manage their costs of living. However, the ability to reduce usage is limited as households tend to be larger with more children and 70% of workers experiencing waged poverty used their personal phone or other devices for work purposes.

For gig economy workers reliant on their phone for work, the ability to reduce telecommunications cost is limited. As the McKell Institute report highlighted, expenses related to undertaking gig economy work erode higher rates of pay or additional hours and 45% of gig economy workers also reported difficulties affording everyday items and paying household bills, suggesting many of the workers surveyed are experiencing waged poverty.

Gig economy workers experiencing waged poverty are likely to have more mental and physical health concerns

International research evidence shows that compared to other workers, people experiencing waged poverty are more likely to experience a range of physical and mental health concerns which stem from the financial strain of trying to get by on insufficient wages coupled with the material deprivation of experiencing poverty. Low paid work is also often inherently more dangerous than other work and gig economy work has been associated with increased risk of accident, verbal and physical abuse, and pressure to adopt unsafe behaviours (such as mobile phone usage while driving or riding, working while fatigued, or rushing).^{iv}

Experiencing precarious or insecure employment has also led to the onset of mental health problems in a large cohort of Australians, an effect mediated by the onset of housing affordability stress.^v The McKell report found gig economy workers reported high levels of physical and mental health issues and were exposed to unsafe working conditions including long hours, sexual harassment, abusive or threatening behaviour and accidents (the report noted that 11 food delivery workers have been killed in Australia since 2017).

Gig economy workers experiencing waged poverty are likely to be accessing fewer services and supports including healthcare services despite having potentially a greater need

SACOSS found that households experiencing waged poverty were less likely to access support services than other households experiencing poverty and are reluctant to request available hardship supports from providers to manage their power and telecommunications bill payments. Additionally, SACOSS found that these households are often not eligible for supplementary payments and concessions from the State or Federal government because they do not meet the criteria required for eligibility (e.g. Health care card, income support payment etc.) Furthermore, SACOSS has found that households experiencing waged poverty rarely seek help from charities and NGOs citing lack of knowledge but also shame, stigma and embarrassment as barriers to help-seeking. Other published evidence also suggests that households earning low and irregular wages have lower health service utilisation.

Conclusion

Gig economy reforms are needed to ensure that gig economy workers can earn a living wage that does not leave them living below the poverty line. Regulation of gig economy jobs is required to ensure that workers have access to reliable, secure and safe employment and access to the same protections and entitlements as other workers. Benefits of a better regulated gig economy extend beyond the benefit to the individual workers. The impact is likely to be felt in reduced need for healthcare, social services and retirement support.

More broadly, SACOSS encourages the Select Committee to keep at the front of mind the suite of policy reforms that are required to genuinely tackle poverty. This is especially important given the insidious nature of in-work poverty, which gives lie to the promise that work is the way out of poverty.

To genuinely tackle poverty governments at all levels must address the adequacy of income – including ensuring that all workers are able to safely earn at least the minimum wage; the cost of housing and other essential services; and the current eligibility requirements for access to concessions and supplementary payments. Additionally, our governments must ensure comprehensive digital inclusion across the community; structure income support, concessions and other relief programs in ways that actively promote entitlement rather than reinforcing shame in

those who find themselves having to seek assistance; and ensure opportunities are available to enable the full participation of women and other marginalised populations in the economy.

Thank you for your attention to the issues raised above. If you would like more information on any of the issues raised, including the data and additional references supporting our concerns, please contact our Director Policy and Advocacy, Dr Rebecca Tooher at rebeccat@sacoss.org.au or on 8305 4222.

Yours,



Ross Womersley, CEO
12 May 2023

ⁱ SACOSS. *Working to make ends meet: low-income workers and energy bill stress*. South Australian Council of Social Service, Adelaide: November, 2019; SACOSS. *Paying to work. Employment issues in SACOSS' telecommunications affordability and waged poor household report*. South Australian Council of Social Service, Adelaide, 2020; SACOSS. *Connectivity Costs II: Telecommunications affordability and waged poor households – Final Report*. South Australian Council of Social Service, November, 2019, Adelaide: June 2020

ⁱⁱ Davidson P, Bradbury B, Wong M. *Poverty in Australia 2023: Who is affected?* Poverty and Inequality Partnership Report no. 20. Australian Council of Social Service and UNSW Sydney, 2023

ⁱⁱⁱ Mahwinny S, Lefebvre M, Reinhard J. *Tough Gig. Worker perspectives on the gig economy*. McKell Institute Queensland, April 2023

^{iv} Convery, E., Morse, A., Fung, B., Wodak, S., Powell, Z., Quinn, V., Taylor, M., Searle, B., & Vårhammar, A. (2020). *Work health and safety of food delivery workers in the gig economy*. Report prepared for the Centre for Work Health and Safety (NSW).

^v Bentley R, Baker E, Aitken Z. The 'double precarity' of employment insecurity and unaffordable housing and its impact on mental health. *Social Science and Medicine* 2019;225:9-16.