

RIDERS DESERVE BETTER

**THE MEAL-DELIVERY SECTOR
IN THE NETHERLANDS**



SUMMARY

Companies in the Dutch meal delivery sector have responded enthusiastically to the consumers' need to order meals online. By now, an estimated 10,000 riders are working via digital delivery platforms to deliver all these meals. If they are lucky, they work through an agency construction, but most riders are fake freelancers, or better their employers are acting as a pseudo contractors [schijnopdrachtgever]. Besides the fact that riders are being exploited and are not being paid on the basis of the Dutch Collective Agreement on Terms and Conditions of Employment for Professional Goods Transport [beroepsgoederenvervoer cao, or TLN-cao], society as a whole is also losing out considerably. The Tax Authorities have examined the situation and found that they are missing out because either no tax or social contributions are being paid at all, or far too little, which has an impact on the support base for social security.

10,000 RIDERS are active in the Dutch meal-delivery sector.

The three major digital meal-delivery companies are:



DELIVEROO
2,500 PSEUDO
SELF-EMPLOYED WORKERS



THUISBEZORGD
1,000 TEMPORARY
AGENCY WORKERS



UBEREATS
2,500 PSEUDO
SELF-EMPLOYED WORKERS

HOURLY WAGE AFTER DEDUCTION OF JOB-RELATED COSTS



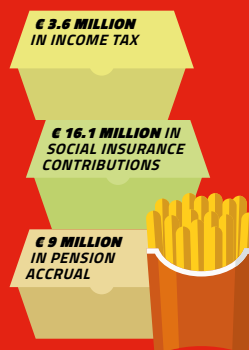
EMPLOYER'S COSTS



10,000 riders are being underpaid by a total of about
€ 29.5 MILLION each year.



Employers are saving about
€ 55.5 MILLION in labour costs annually.



Less income tax, less social insurance contributions, and less pension accrual. Platform companies are depriving society of
€ 28.7 MILLION per year by using constructions involving self-employed people [zzp-constructies].

CONTENTS

Foreword	4
1. Platforms: a growing phenomenon	5
2. The meal-delivery sector	6
3. The companies involved in meal delivery	7
4. The types of contracts	8
5. The riders	9
6. The algorithm as an employer	10
7. Platforms and the collective labour agreement (CAO)	12
8. The incomes compared	13
9. The great saving trick	15
10. Recommendations	17
Appendix: Basic principles for calculations	18

INTRODUCTION

Feel like a pizza? Grab your smartphone, make your choice, click on send, and a little later the doorbell will ring. This way of ordering has been going on for a long time but has expanded to a wide range of other services over the past few years. Do you have a small job that brother-in-law John can't fix? Register with an online platform and take your pick from a digital queue of handy Harrys. Do you feel like a delicious menu but you're not in the mood to spend hours in the kitchen ending up with a meal disaster? Don't ask how it's possible, but if you pick up your phone everything is within reach. Convenience is key and this has never been so concrete and tangible as now.

Technology is a great development, but it is important that it is accompanied by an equivalent advance in the position of workers. A modern society deserves modern labour relations. Companies in the Dutch meal delivery sector have responded enthusiastically to consumers' need to order meals online. By now, an estimated 10,000 riders (meal deliverers) work via digital delivery platforms, riding their bikes from one place to another to deliver all the meals.

If they are lucky, they work through an agency construction [uitzendconstructie], but most riders are paid on the basis of piecework. In the process, they are not managed by a good-natured colleague at the ever-pleasant head office, but by an algorithm that distributes orders and directs riders through the smartphone. This may sound very modern, but it actually involves a very smart algorithm: those who perform best, who are quick and accurate, are also offered better rides. 'This means that we're like rats in a treadmill that's always spinning faster', is how one of the riders described the system during a meeting with the FNV.

These are poor employment practices, according to the FNV, but the platforms do not seem to care. They regard themselves as pioneers in the platform economy, who only provide a piece of technology to link supply and demand. Are they employers? Of course not! They have developed an app or a website to establish a contact between the restaurant, the rider and the customer, so that the restaurant can prepare a nice meal, the client enjoys eating it, and the rider is free to develop his or her own entrepreneurship.

The first two statements may be right, but this report shows that the third statement should be regarded as total nonsense - this is definitely not free enterprise. The riders are dangling on strings like puppets and the only rights they have is that they can refuse a job, with all that this entails. 'Freedom's just another word for nothin' left to lose', is a fitting word of wisdom from one of Janis Joplin's songs. This entrepreneurship consists mainly of riders bearing all the costs and also the risks related to sickness and non-productive hours [leegloopuren]. There is nothing modern about this, it goes straight back to medieval times.

Besides the fact that riders are being exploited, this report shows that society as a whole is also losing out considerably. The Tax Authorities are missing out because either no tax or social contributions are being paid at all, or far too little, which has an impact on the support base for social security. Apparently, companies can now choose whether or not to pay tax and social contributions.

The FNV asked the Dutch Court to issue a ruling in the Deliveroo case, one of the large meal-delivering companies that said goodbye to the phenomenon of paid employment [loondienst]. The subdistrict court judge [kantonrechter] was clear about this in the verdict of 15 January 2019: 'This involves an employer-employee relationship [gezagsrelatie] with the riders, so the company is a normal employer who, like everybody else in this country, should observe the rules, including the TLN-cao, which has been declared universally binding [Algemeen Verbindend Verklaarde TLN-cao]. This verdict has now been given, although an appeal process is still pending. The FNV is fighting for a fair labour market. In anticipation of this, it would be to the credit of the sector if they were to make a start with normalising labour relations. Convenience has increasingly become key, which is a fine achievement of these times and something we should rightly be pleased about. However, the riders deserve better.

ZAKARIA BOUFANGACHA

Member of the FNV Executive Committee

1. PLATFORMS: A GROWING PHENOMENON WITH A DARK DOWNSIDE

Digital platforms that link supply and demand are a relatively new and rapidly growing phenomenon. Via apps and websites they put customers, suppliers, deliverers, employees and employers in touch with each other. Mainly since the introduction of the smartphone, this phenomenon has expanded explosively: at the end of 2017 it was thirteen times larger than in 2005 and two times larger than in 2015, as SEO Amsterdam Economics [SEO Economisch Onderzoek] calculated at the end of 2018 in their report [in Dutch], *De opkomst en groei van de kluseconomie in Nederland* [The rise and growth of the 'gig' economy in the Netherlands]. The platforms have in common that they still have a serious ambition to expand. Quickly and conveniently ordering a taxi, a meal or shopping with a smartphone app is very attractive and often also inexpensive. By offering this convenience, they are on a roll and this trend is expected to grow even more.

NEW DEVELOPMENTS

This growing trend has an impact for the labour market, because platforms present themselves as technological service providers and not as employers. They claim they are only providing technology, for example in the form of an app, and do not associate themselves with employment practices. The companies emphasise the positive aspects of platform work and the freedom it offers.

THE DARK DOWNSIDE

This freedom has a downside: with this construction the companies have found a way to shift the employer's responsibilities and risks onto the worker. As a result, they can operate inexpensively and can compete on labour costs. Platforms claim that they are using self-employed people. The type of work is highly varied but as old as the hills: delivering meals, washing dishes in a restaurant kitchen, driving a taxi, cleaning, and so on. Work that is often offered through an app or website and, with taxi work, the app serves as a kind of taxi rank.

However, this work is anything but normal, self-employed work. The app - or rather the algorithm behind it - directs people, determines when they are put to work and how much they are paid, monitors and supervises them. In other words: the platforms exercise authority, distribute the work, and determine the pay. They have people working for them whereby they make a profit, or make people available to other companies to perform work. This, in fact, means that platforms are employers, or intermediaries in the same way as temporary employment agencies. However, they evade their employer status by hiding behind technology and also avoid covering risks such as sickness and unproductive hours between orders.

Because the platforms do not pay tax or social insurance contributions and also have relatively low overheads through the use of technology, they operate very cheaply and form a threat for the agency sector. If, in a few years' time, this sector is replaced by platforms, the number of self-employed may increase from 1 million to over 2.1 million, which represents nearly a quarter of the working population of 8.7 million. They all perform low-paid work and are in a vulnerable position, which is, in fact, the very group of workers for whom the protection of labour rights is intended. This also means that a quarter of them are not insured, build up very little pension, pay hardly any tax and end up living on welfare if they lose their jobs. This means that the contributions for working people will need to rise, creating an even greater difference and encouraging the further breakdown of employment protection. As a result, these platforms form a serious threat to the social welfare state.

2. THE MEAL-DELIVERY SECTOR

This report focuses solely on the digital meal-delivery platforms, which have been on the rise since 2015. These platforms offer restaurants their services, which means these restaurants can expand their own service provision. For example, smaller restaurants without delivery staff can also have meals delivered to your home through the app. The previously-mentioned SEO study has shown that an estimated 34,000 people are active in the platform sector, which represents 0.4% of the working population. Over one third of them work in meal deliveries, making this sector the largest in the world of platforms. It involves over 10,000 people, of whom, according to the SEO report, 50% are in paid employment and the other 50% are self-employed workers. These figures are based on surveys held in 2017, which may make these estimates rather modest.

In our own study, we base the figures for the major three meal-delivery platforms on public data. It is, therefore, sometimes difficult to obtain accurate information about numbers of riders for individual platforms. Deliveroo (freelancers and agency workers) say that they use 2,500 freelance deliverers in the Netherlands. The annual figures of Thuisbezorgd show that a worldwide total of 4,200 riders (as agency staff) work via Scoober and that 20% of the Scoober towns/cities are situated in the Netherlands, where 35% of the riders work. We can therefore deduce from this that about 840 to 1,470 riders work through Scoober (i.e. Thuisbezorgd) in the Netherlands. For the sake of convenience, we have assumed there are 1,000 riders. No figures whatsoever can be found for UberEATS (freelancers) but, based on the Deliveroo and Thuisbezorgd data, the towns/cities where UberEATS operates, and the street setting, we have assumed there are 2,500 deliverers. Owing to a special construction, UberEATS riders only need a VAT number [BTW-nummer] and therefore not all of them can be traced in the Trade Register of the Dutch Chamber of Commerce [handelsregister] so there is a good chance their numbers are higher.

The FoodService Instituut Nederland (FSIN), an independent knowledge institute for the development and professionalisation of the non-household consumption market, states that meal delivery is the fastest growing market within the food market as a whole. In 2018, it grew by 13.4% compared to 2017, with a total turnover of over € 1.7 billion. For 2019, an increase of 11.4% is estimated with a turnover of € 1.9 billion, with the online delivery platforms as the driving force. The Albert Heijn supermarket chain has announced it will also be starting a meal service to supplement the ready meals it offers. The market is currently dominated by three large companies: Thuisbezorgd, Deliveroo and UberEATS.



3. THE COMPANIES INVOLVED IN MEAL DELIVERY

THUISBEZORG

In 2000, Thuisbezorgd started with a website intended for restaurants who employed their own deliverers. Customers use Thuisbezorgd to order meals from their favourite restaurants, which have them delivered by their own people. In 2016, Thuisbezorgd also started to offer delivery services to other restaurants which did not have their own deliverers. We call this Scoober (after the technology behind it). Temporary agency workers are hired through the Randstad agency. According to Thuisbezorgd more than 90% of their turnover is still generated through the original platform. Thuisbezorgd is a market leader in this sector and grew by 32% (€ 98 million turnover) in 2018. Moreover, its directors also started to earn significantly more this year: the fixed salaries of the three top managers will increase by between € 75,000 and € 125,000 in 2019.

DELIVEROO

In 2015, the British company Deliveroo was launched as a platform for restaurants without their own delivery service. Since mid-2018, the company also offers the use of just the platform to restaurants that have their own delivery service. In 2017, the company announced that it intended to switch from paid employment to hiring self-employed people. All employees, the so-called riders, had to register with the Dutch Chamber of Commerce and apply for a VAT number. For the riders this was the reason to set up their own trade union, the FNV Riders Union. The FNV has had many meetings with Deliveroo riders, as well as with the riders of other meal delivery companies that present themselves as tech companies.

In a court case that the FNV brought against Deliveroo, the subdistrict court judge concluded on 15 January 2019 that the riders should have an employment contract with Deliveroo and be paid according to the collective labour agreement for the transport sector [cao Beroepsgoederenvervoer]. Deliveroo announced that it would appeal against this verdict, the outcome is still unknown.

UBEREATS

In 2016, the American company Uber started to operate in the Netherlands under the name of UberEATS, and works for large customers such as McDonald's and Dunkin' Donuts. The company always sends a deliverer. From 2019, UberEATS also wants to start working for restaurants that employ their own deliverers. UberEATS is part of the 'big' Uber, known as the taxi platform.

OTHER PLATFORMS

In 2015, the German Foodora entered the market, but this platform is no longer active. There are also some local platforms such as FoodDrop and TringTring in the Dutch cities of Groningen and Amsterdam respectively, which are not included in this report. The three large delivery companies operate in most large cities and are constantly expanding their delivery areas.

4. THE TYPES OF CONTRACTS

The meal-delivery sector uses a variety of contracts. Foodora and, initially, Deliveroo employed their own deliverers, mostly on the basis of zero-hour contracts. With Deliveroo switching to the freelance construction in January 2018 and Foodora stopping its operations in November 2018, the regular employment contract entered into with digital meal-delivery platforms has virtually disappeared. They currently operate solely on the basis of agency constructions (Thuisbezorgd) and freelance contracts (Deliveroo and UberEATS). Only restaurant and catering companies with their own delivery service and which are affiliated with the Dutch Association of Meal Deliverers [Nederlandse Vereniging Van Maaltijdbezorgers, abbreviated to NLVVM], such as Domino's and De Beren, employ deliverers based on a regular employment contract.

5. THE RIDERS

Discussions with about 100 riders who work for different delivery services in various cities have shown that young people are well represented in this group. However, there are also a fair number of older riders, some even aged 65 or over, who work full time or more. Some of the meal deliverers are fully dependent on this work for their income. Many riders have done this work for more than a year, and some of them have another regular job as well.

FOREIGN STUDENTS

It is striking that, in student cities like Amsterdam, The Hague and Eindhoven many students from outside the EU work as riders, which helps them pay for their studies. With an average age of 25, they are usually a bit older than Dutch students. They choose this work because under the Dutch Foreign Nationals (Employment) Act [Wet arbeid vreemdelingen] they are only allowed to work in paid employment for 16 hours a week, up to May 2018 this was only 10 hours. This restriction does not apply to the freelance constructions of Deliveroo and UberEATS.

COLLEAGUES

Riders are usually regarded as a transitory group: they operate from many different locations, work alone, and do not know each other. However, there are actually hotspots where riders gather waiting for orders. Furthermore, they also contact each other through social media and a variety of messaging apps.

PROBLEMS ON THE 'WORK FLOOR'

The problems reported during meetings with the FNV can be subdivided into a number of topics:

- Safety: riders are on the road a lot, they need to bike fast to get the orders to customers in time and to make sufficient deliveries to earn a reasonable income. They frequently fall, sometimes really hard. Especially when they ride e-bikes.
- Contact points: it is often not clear who riders can call on for help, for example in the event of an emergency. They are often roughly treated.
- Complaints: it is no use to complain. There are no procedures and expressing your dissatisfaction may have a negative impact on the number of favourable timeslots you may get or the rides you are allocated.
- Algorithm: there is considerable confusion about how algorithms work. What does a rider need to do to get favourable timeslots and be allocated a lot of orders? The system pushes riders to do more and leads to uncertainty about their income.
- Sickness: getting sick is not appreciated. Riders are removed from the roster and receive no further pay. They are treated as if they are insured against loss of earnings, but in practice this is not the case. Furthermore, their rating also appears to drop after sick leave, so that riders have to prove themselves all over again in order to obtain favourable timeslots and attractive rides.
- Damage: it is unclear what is actually insured in the event of personal injury, or damage to material or telephone. In the event of an emergency it may turn out that a deductible ['own risk'] of € 300 applies if the bike gets damaged. Because of the platform's reputation, damage to third parties is usually well-insured. Generally, the platform does not get involved in problems and leaves it to the rider to solve them. An exception to this rule is if a problem might harm the platform's image.

6. THE ALGORITHM AS AN EMPLOYER

The platforms do not want to be employers with the associated responsibilities such as premium payments, employee participation [medezeggenschap] and responsibility for working conditions and working safely. In this way, they make more money at the expense of the riders. Instead of regarding themselves as employers, they call themselves providers of a piece of technology in the shape of software, an app, or a website. A set of underlying, automated instructions, or the algorithm, is pulling the strings. Many platforms use this as an excuse, because they do not supervise or monitor their people and there is no employer-employee relationship in place in the classical sense of labour law.

ALGORITHM IS JUST A BIG BOX OF TRICKS

In practice, however, this excuse is pure nonsense because algorithms are actually produced by people. Millions are invested in the development of platforms, with hundreds of programmers working on the underlying software and the algorithm, on the instructions of the platform, to ensure that the deliveries cost as little as possible. Moreover, algorithms can be manually overruled. Although freelance companies Deliveroo and UberEATS officially no longer schedule rides, many riders have noticed that ad-hoc intervention by the office can still happen, for whatever reason. Moreover, there is actually also evidence of directing and instructing in the same way that employers do. For example, with regard to Deliveroo the app records how many deliveries the rider accepts/refuses, how often the rider cancels a shift too late, and whether the rider actually works during peak times at weekends. Depending on the outcome, it is decided whether the rider qualifies for good shifts. Thuisbezorgd works with an agency construction, so the pay does not depend on an algorithm.

BACK TO THE MIDDLE AGES: PIECEWORK

The platform decides who is admitted as a rider (or as a restaurant) through an ID check, for example. In the past, this method was also used to ban riders who were actively involved in the FNV. Furthermore, the platform also decides who gets to do which job and when, as well as the earnings and possible bonuses. In the event of peaks, extra bonuses can be applied that are outside the algorithm.

The algorithm's major task is to determine who gets which order, but the riders find it hard to understand how the algorithm actually works. They assume that the closest rider will be given the order, but many riders suspect that their personal rating is the determining factor in the allocation of orders. This involves matters such as speed of delivery, availability, and efficiency. A case is known whereby, following a conflict with a restaurant and a discussion with the platform, a rider was suddenly only allocated long rides to the suburbs of Amsterdam. Riders feel subordinated to the platform's technology and feel that they need to be constantly alert to accepting orders so as not to lose any income. The riders are led to believe they have a say, and freedom, but are made into slaves through gamification. The ratings and remunerations work like computer games, which make them take on yet another job or bike even faster. And if this doesn't succeed for whatever reason, the rider is always to blame. The era of piecework, when people are constantly being pushed to work beyond their limits, appears to have been revived. How is this modern? With these practices we are back in the middle ages.

Furthermore, there is very little, if any, scope to deviate from what the algorithm prescribes, or to negotiate about the rates offered. Working with several apps should be possible, but cannot be done in practice. In this respect, too, there is therefore no question of entrepreneurship.

Consequently, with the algorithm as a management tool, there actually is an employer-employee relationship between the platform and the rider: the platform directs the riders. Moreover, employment practices are definitely involved, even though the platforms deny this vigorously. It is all about money, but what about the human dimension?



7. PLATFORMS AND THE COLLECTIVE LABOUR AGREEMENT (CAO)

THE CONTRACTS

Initially, Deliveroo had riders in paid employment. The company claims to have switched to freelance and agency constructions because both parties felt a need for more flexibility and because the labour law governing paid employment was too restrictive. One example given was the wish to be able to work less than three hours a day on an ad-hoc basis, without the compulsory three hours' pay being required according to Book 7, Article 628a of the Dutch Civil Code [Burgerlijk Wetboek, abbreviated to BW]. However, this is a false argument. Self-scheduling and min-max contracts or zero-hour contracts were already an option and were being widely used. So saving on labour costs appears to be the main reason. The FNV's aim is to have a modern employment relationship, in which flexibility works two ways and employees also have a say in their working hours in order to bring more balance into their lives. Forcing them into the margins of self-employment is an outdated step back into the era of day labourers, when employers had employees available on demand and would randomly choose which individual they may be able to use that particular day.

FLEXIBLE HOURS

Regardless of the type of contract, the companies always have flexible weekly working hours. Foodora and Deliveroo applied min-max contracts with a wide range of hours, for example 1 to 160 hours per timeslot by Deliveroo, or 8 to 60 hours a month by Foodora. Thuisbezorgd also applies a range of 3 to 30 hours per contract period. The SEO study shows that the average working week is 22.5 hours but, in practice, ranges from 1 to 60 hours a week.

BOGUS SCHEMES

Deliveroo presents the type of contract they apply as a service provision agreement [overeenkomst van opdracht, abbreviated to OVO], in accordance with Book 7, Article 400 of the Dutch Civil Code. UberEATS refers to a technology agreement, which is not governed by law. In both instances it appears to involve bogus schemes [schijnconstructies] with the intention of disguising an employment contract

EVASION OF THE TLN-CAO

The riders actively involved in meal deliveries fall within the scope of the TLN Collective Agreement for Professional Goods Transport by Road [TLN-cao voor beroepsgoederenvervoer over de weg]. After all, they actually transport goods for others by road, as defined in the collective labour agreement. The method of working and managing means that these are clearly employment contracts (whether of the agency type or otherwise) and not service provision or technology agreements, as the platforms argue.

This means that the riders are entitled to CAO-based pay, with all the trimmings such as bonuses, holiday entitlement, pension etc. The gross hourly wage in the CAO starts at € 14.99 in pay scale B0, including a holiday allowance, holiday entitlement reservations [vakantiereserveringen], and bonuses. However, the platforms are paying considerably less, whereby they are undermining the TLN-cao. The delivery companies try to evade the impact of the CAO by profiling themselves as IT service providers or web portals and by trivialising their actual transport activities.

FOODORA FAILED TO MAKE IT

Foodora was another delivery company that did not comply with the TLN-cao but they actually employed the riders and paid the statutory minimum wage. However, even then the company could not stand up to competitors that managed to operate even more economically, with freelancers and temporary agency workers. In the autumn of 2018, the company decided to cease its meal-delivery activities in the Netherlands because of the cut-throat competition on wage costs. This illustrates the race to the bottom.

8. THE INCOMES COMPARED

On comparing the earnings of the various meal-delivery services with the wage payable if the TLN-cao is applied, all platforms are shown to pay considerably less. The comparison is based on an average working week of 22.5 hours, an average age of 22, and two deliveries per hour if it involves piecework. Possible tips have not been included and structural bonuses are calculated on the basis of averages. With regard to the calculation of weekend bonuses, the conservative estimate assumed that both Saturday and Sunday each account for one seventh of the workload. A bonus for working after 9 p.m. has not been included. The payments were discussed during meetings with hundreds of riders in Rotterdam, Amsterdam, The Hague, Utrecht, Haarlem and Den Bosch during the second half of 2018.

Incomes were compared with pay scale B0 in the TLN-cao, which comes down to a basic hourly wage of € 10.71 in 2018, which is plausible according to the Stichting VNB [Vervoersbond Naleving cao Beroepsgoederenvervoer], the organisation that monitors compliance with the collective agreement, and Stichting FuWa Wegvervoer, an organisation specialising in job ratings. If the holiday allowance, holiday entitlement reservations, bonuses for weekend work and compensation for working hour reduction [arbeidstijdverkorting, abbreviated to ATV] are added to this, this comes down to a gross hourly wage of € 14.99. By adding the social insurance and pension contributions, the employer's costs will amount to € 19.27 per hour. Thuisbezorgd applies an agency construction, while UberEATS and Deliveroo work with so-called self-employed people without personnel [zelfstandige zonder personeel, abbreviated to zzp'er]. Deliveroo was also included in the comparison because it worked with employment contracts until recently.

Table 1: Gross hourly wages, percentage compared with the TLN-cao. Meal delivery; comparison of income and costs in 2018 (indication)

	TLN-cao	ThuisBezorgd agency basis	Deliveroo paid employment	Deliveroo zzp	UberEATS zzp
BASIC HOURLY WAGE	€ 10.71	€ 10.00	€ 9.20	€ 10.00	€ 9.44
difference with TLN in €		-€ 0.71	-€ 1.51	-€ 0.71	-€ 1.27
difference with TLN in %		-6.6%	-14.1%	-6.6%	-11.9%
GROSS HOURLY WAGE*	€ 14.99	€ 11.94	€ 11.64	€ 11.69	€ 8.84
difference with TLN in €		-€ 3.06	-€ 3.36	-€ 3.30	-€ 6.15
difference with TLN in %		-20.4%	-22.4%	-22.0%	-41.0%
NET HOURLY WAGE**	€ 13.99	€ 11.07	€ 10.46	€ 9.01	€ 6.91
difference with TLN in €		-€ 2.92	-€ 3.53	-€ 6.09	-€ 7.08
difference with TLN in %		-20.9%	-25.2%	-43.5%	-50.6%
WAGE AFTER DEDUCTION					
OF JOB-RELATED COSTS ***	€ 13.99	€ 10.81	€ 9.99	€ 7.90	€ 5.80
difference with TLN in €		-€ 3.18	-€ 4.00	-€ 6.09	-€ 8.19
difference with TLN in %		-22.7%	-28.6%	-36.4%	-44.9%
EMPLOYER'S COSTS ****	€ 19.27	€ 14.76	€ 13.91	€ 11.69	€ 8.84
difference with TLN		-23.4%	-27.8%	-39.3%	-54.1%
INCOME TAX PER YEAR	€ 1,709	€ 1,407	€ 1,379	€ 1,218	€ 814
difference with TLN		-17.7%	-19.3%	-28.7%	-52.4%
CONTRIBUTIONS PER YEAR	€ 3,158	€ 2,514	€ 2,451	€ 0	€ 0
difference with TLN		-20.4%	-22.4%	-100.0%	-100.0%
PENSION PER YEAR	€ 1,655	€ 84	€ 0	€ 0	€ 0
difference with TLN		-94.9%	-100.0%	-100.0%	-100.0%

* Gross pay: hourly wage including holiday entitlement reservations, holiday allowance, reduced working hours, bonuses for working weekends.

** Net pay: gross wage excluding payment of pension contributions, social security contributions, and income tax, to be borne by the worker. Calculated with the RAET tool.

*** Pay after job-related costs: net wage after any costs relating to performing the job have been settled, for example administration, maintenance of the means of transport, mobile phone subscription, and work clothing.

**** Employer's costs: costs relating to pension, social contributions, and costs associated with the performance of the job.

THUISBEZORGD

With regard to Thuisbezorgd, many restaurants only use the actual service: the online platform for offering meals. The deliverers are employed by the restaurant itself. This group is not included in this report.

In Amsterdam, Eindhoven, Groningen, Rotterdam, The Hague, Utrecht and at Schiphol Airport, riders can be found who make deliveries for Thuisbezorgd through Scoober. They work through an agency construction and are paid € 10 an hour. When the holiday pay, holiday entitlement and partially continued pay in the event of sickness are added, this comes to a gross hourly wage of € 11.94. Riders pay for their own mobile phone costs, but are provided with an e-bike. After deduction of mobile phone costs and income tax, they are left with € 10.81. The employer's costs are € 14.76, which includes pension and social insurance contributions, e-bike costs and clothing.

DELIVEROO: IN PAID EMPLOYMENT

Riders with an employment contract with Deliveroo used to receive the statutory minimum wage [wettelijk minimumloon] of € 9.20 per hour, plus an average bonus of € 1 an hour, holiday allowance and paid holiday entitlement. In the event of sickness, their pay was continued in part. This came to a gross hourly wage of € 11.64 but they had to provide their own bikes and mobile phones. After deduction of these costs and income tax, this left a net wage of € 9.99 per hour. The employer's costs are € 13.91, which includes social insurance contributions and clothing costs. No pension contributions were paid.

DELIVEROO: SELF-EMPLOYMENT CONSTRUCTION

Riders who work for Deliveroo in a self-employed capacity receive € 5 per delivery which, based on an average of two deliveries per hour, works out to an hourly rate of € 10. Riders who deliver an X number of orders within a certain period are paid a bonus. Their pay is not continued in the event of sickness, while no holiday pay, holiday entitlement reservations or weekend bonuses are in place. This puts their gross hourly wage at € 11.69.

The riders pay for everything: a bike, mobile phone and materials and, as self-employed workers, they bear all administrative and insurance costs. However, they are entitled to tax facilities such as profit exemption for small and medium-sized enterprises [mkb-winstvrijstelling] but, given their limited number of hours, the self-employed tax deduction [zelfstandigenaftrek] stays out of reach for most of them. Their net hourly wage comes down to € 7.90.

Since Deliveroo has no additional costs relating to these riders, such as pension and social security contributions, the employer's contributions are equal to the gross hourly wage of € 11.69.

UBEREATS

At UberEATS, the riders receive € 4.72 per delivery, or € 9.44 per hour based on an average of two deliveries an hour. They are charged a 10% uber fee and receive a 'boost', a bonus that partly depends on how busy it is. They have no income when they get sick and no holiday entitlement reservations, holiday allowance or bonuses for working weekends are in place. This puts their gross hourly wage at € 8.84. The riders pay for everything: a bike, mobile phone and materials and, as self-employed workers, they bear all administrative and insurance costs. However, they are entitled to tax facilities such as profit exemption for small and medium-sized enterprises, but, given their limited number of hours, the self-employed tax deduction stays out of reach for most of them. Their net hourly wage comes down to € 5.80.

Since UberEATS has no additional costs relating to these riders, such as pension and social security contributions, employer's contributions equal the gross hourly wage of € 8.84.

9. THE GREAT SAVING TRICK

It is evident that riders are structurally underpaid, some perhaps a bit more than others. Apart from them being treated unfairly, society also misses out on a substantial amount in tax revenues and social insurance contributions.

In the table, the agency construction of Thuisbezorgd and the freelance construction of Deliveroo and UberEATS have been specified separately.

Table 2: cost savings by evading employment practices, per construction, per year.

Annually	Agency construction		Freelance construction		Total per year
	Per rider	1,000 riders	Per rider	5,000 riders	
Underpayment	€ 1,825	€ 1,825,000	€ 5,531	€ 27,655,000	€ 29,480,000
Cost savings					
Labour costs	€ 2,759	€ 2,759,000	€ 10,538	€ 52,690,000	€ 55,449,000
Social costs					
Tax leak	€ 132	€ 132,000	€ 693	€ 3,465,000	€ 3,597,000
Social insurance contributions	€ 329	€ 329,000	€ 3,158	€ 15,790,000	€ 16,119,000
Pension leak	€ 785	€ 785,000	€ 1,655	€ 8,275,000	€ 9,060,000
Total social costs	€ 1,246	€ 1,246,000	€ 5,506	€ 27,530,000	€ 28,776,000

UNDERPAYMENT

The above table shows how much all the riders together lose in earnings. The underpayment of 1,000 riders in agency constructions amounts to over € 1.8 million a year compared to the TLN-cao. With 5,000 riders in self-employment constructions, this amounts to € 27.6 million a year, which puts the total amount of underpayment at over € 29 million a year.

LABOUR-COST SAVINGS

The amount employers save is actually much higher: with regard to agency constructions, the average cost savings compared to the TLN-cao is 12.9%, or € 2.36 per hour, per rider. With 1,000 riders this amounts to over € 2.7 million a year. In self-employment constructions, an average of 46.7%, or € 9.01 per hour, per rider is saved in costs which, with 5,000 riders, comes to almost € 52.7 million a year. As a result, the total cost savings are over € 55 million a year.

SOCIAL COSTS

The calculations also include the amount by which society is disadvantaged by evasion of the CAO. As a result of underpayment, under the agency construction € 132 less in income tax is paid per rider, per year which, with 1,000 riders, comes to € 132,000 a year. Furthermore, € 329 less is paid per rider per year in social insurance contributions, which, with 1,000 riders, comes to almost € 330,000 a year. Evading pension accrual saves € 785 per rider, per year, which amounts to € 785,000 a year with 1,000 riders. Consequently, with the underpaid agency construction, workers and society in general are disadvantaged by a total of over € 1.2 million a year.

Under the self-employment constructions, as a result of underpayment, € 683 less in income tax is paid per rider, per year. With 5,000 riders, this amounts to almost € 3.5 million a year. No social insurance contributions are paid, which saves € 3,158 per rider so, with 5,000 riders, almost € 15.8 million a year is saved. There is no pension accrual and no pension contributions are paid, which results in almost € 8.3 million in savings a year. By applying

self-employment constructions, workers and society are disadvantaged by about € 27.5 million a year. Consequently, these constructions are costing society almost € 29 million a year.

EVEN MORE SAVINGS

However, in the above calculations regular operating expenses have not been taken into account, which are usually shifted to the riders, such as the mode of transportation, mobile phone subscription, cost of materials, and administrative expenses. Because meal-delivery companies position themselves as pseudo contractors, the state also loses out on VAT revenue. VAT liability has been shifted to the individual riders, who usually qualify for the small businesses scheme [kleineondernemersregeling, abbreviated to KOR] and do not need to pay any VAT if their annual liability is lower than € 1,345 in a given year. The exact volume of the VAT leak is difficult to determine but represents a substantial additional amount for society.

CONCLUSION

The tremendous cost savings achieved by both constructions makes it plausible that not flexibility but the saving of labour costs is the actual reason to dispense with normal employer-employee relationships. As a result, riders not only miss out on income, but also on pension accrual and, in the case of self-employment constructions, on social security, which is also diminished in agency constructions. Furthermore, society misses out on income tax and social insurance contributions, which affects the support base and involves very substantial amounts. In summary, the irresponsible behaviour of meal-delivery companies hiding behind algorithms is a costly business for both the riders and society. These bogus constructions and other evasion tricks should stop once and for all. The meal-delivery companies must apply the TLN-cao, adopt good employment practices and, like any decent employer, must pay contributions and taxes. In this way, our labour market will remain healthy while the social welfare state will be preserved. And, most importantly, in this way riders will earn a BETTER wage.



10. RECOMMENDATIONS

Returning to the Middle Ages with piecework and day workers does not fit in today's modern society. The cake is distributed more and more unfairly in the Netherlands. Large companies and shareholders are making more profit and paying increasingly less tax. However, things are not becoming easier for the hard-working Dutch people. If the rules no longer benefit the workers, these rules should be changed. The FNV stands for a more social Netherlands.

In order to achieve a more social situation in the world of meal deliveries in the Netherlands, we would like to make the following recommendations:

1. Given the growth of the subsector and the risk of the ongoing undermining of the CAO, the FNV considers it important to further investigate the volume, growth and future plans of all companies involved in this sector.

Rates and constructions

2. The government must enforce compliance. The meal-delivery sector demonstrates how rapidly the labour market can develop in the wrong direction and, in particular, how lucrative this is. The government can no longer stand idly by and do nothing. It is therefore essential that the moratorium [a temporary ban] on the implementation of the Dutch Assessment of Employment Relationships (Deregulation) Act [Wet deregulerende beoordeling arbeidsrelatie, abbreviated to Wet DBA] is lifted and that the tax authorities urgently establish that the workers in this sector are employees. The court ruling, the very low rates and the form of management are clear indications that the riders are actually not self-employed.
3. The rider is an employee who works under the authority, management and supervision of the platform, which also determines the rates. Employers are putting up technological smoke screens claiming that they do not exercise authority and the app and algorithm are just digital instruments and tools. Nothing could be further from the truth. All the signs, such as screenshots, documents and discussions, indicate that there is an employer-employee relationship with Deliveroo and UberEATS. The FNV therefore wants it to be automatically regarded as an employment contract if people are managed by a 'black-box' algorithm.
4. It is important that this growing sector is regulated. The FNV calls on the minister to bring all parties together and hold them accountable for their actions. Organise central consultations, so that the excesses in this sector will become a thing of the past.
5. The TLN-cao should serve as the basis for the rates and wages of the meal deliverers, which means that agency workers should earn more than they currently do. After all, the hirer's remuneration [inlenersbeloning] should also be determined on the basis of this collective labour agreement.

APPENDIX: BASIC PRINCIPLES FOR CALCULATIONS

The following basic principles have been applied:

- The TLN-cao and employment contract serve as the basic standard. The TLN-cao was used for determining the cost advantage of self-employment constructions, to which all the labour costs were added, such as bonuses for working irregular hours, paid leave, continued payment of wages in the event of sickness, cost of materials, social insurance contributions, tax, and pension contributions.
- Any costs incurred for work, by the rider and/or the employer, are based on a number of general assumptions and have been tailored for each construction, depending on whether materials, means of transportation and maintenance were involved or not.
- A large variation in working hours per week and the age of riders can be observed. However, based on the SEO study conducted on the instructions of the Dutch Ministry of Social Affairs and Employment and the findings from actual practice, a working week of 22.5 hours (1,170 hours per year) and an average age of 22 years.
- For grading the riders, pay scale B0 (€ 10.71 per hour in 2018) was used, which the Stichting VNB and Stichting FuWa also consider plausible (traditionally, moped couriers are even classified in pay scale C0).
- Tips and other - more or less - arbitrary forms of additional income (for example, for recruiting new colleagues) are not included, but performance-based bonuses (for example the number of orders per time unit) have been included, the level of which is based on the average bonus income as evident from the available information.
- Tax: the income tax relating to all riders was estimated by making use of the RAET calculation tool (see www.berekenen.nl/inkomen/inkomstenbelasting-berekenen/resultaat, in Dutch). For the self-employed the calculation of income excludes VAT, so no VAT payments were included here.
- The documents on which the comparison is based relate to about one hundred riders and cover a longer period (2017 and 2018), but the income comparison (CAO wage, actual wage and statutory minimum wage) has been updated to the second half of 2018.
- Although the riders mainly work in the evenings and at weekends, in calculating bonuses from the TLN-cao (for weekend work) the principle of riders working an average of 1/7 of their time on Saturdays (50% bonus) and 1/7 on Sundays (100% bonus) was used.
- Calculation of the total effect: following the SEO study, the calculations are based on 10,000 riders who work for Dutch meal-delivery platforms, 5,000 of whom are freelancers (through Deliveroo and UberEATS). Furthermore, 1,000 riders working through a meal-delivery platform under an agency construction were included as a basis. Since part of the sector does not come into the picture, the calculations are not based on 10,000 but on 6,000 riders. This means that the estimates are to be considered conservative because the effect of under-paying an estimated 4,500 riders has not been taken into account, or has been set to zero.

MORE INFORMATION?

If you would like to learn more about the FNV's fight against the large meal-delivery companies, follow the Riders Union FNV on Facebook: [**www.facebook.com/fnvridersunion**](https://www.facebook.com/fnvridersunion), consult the [**www.ridersunion.nl**](https://www.ridersunion.nl) website, or send an email to [**ridersunion@fnv.nl**](mailto:ridersunion@fnv.nl).

