

## **Industry report - Passenger transport – Lisbon Metropolitan Area**

### **Interviewed:**

- Interviewee 1, Official of the Municipal Department of Mobility, Safety, Economy and Innovation (I\_MOB\_1)**
- Interviewee 2, Platform driver, trade union member (I\_MOB\_2)**

### **1. Passenger transport/Taxis (uber)**

As regards the passenger transport sector in the Lisbon metropolitan area, a preliminary remark should be made. The main difference that distinguishes the TAXI sector from that of the service intermediated by digital platforms is that the former is considered a public service, while the latter is not. The TAXI sector is municipally regulated and working conditions are regulated by a national collective contract. However, the municipal administration has control over pricing and quotas. The sector of platform-mediated passenger transport is regulated by Law 45/2018<sup>1</sup>. This law, although it lays down the terms relating to certain aspects of working conditions, actually and truly acts very little on it, leaving room for unilateral action by platforms. What the law does establish, however, is the existence of intermediary companies, called TVDEs, which mediate the relationship between worker and platform. In this sector, the municipal authority has little say. The relationship between the passenger transport platforms and the government is maintained by the IMT (Instituto da Mobilidade e dos Transportes - Institute for Mobility and Transport), whose work, however, is not very well known. At the moment, this institute is finalising the report on the revision of Law 45/2018, which according to the approved text must be revised every three years. Despite this, there is little information to suggest a substantial change in working conditions<sup>2</sup>.

### **2. Employment**

The differences between the TAXI sector and platform-based passenger transport are particularly evident in the definition of working conditions. Platform drivers' working conditions have been set out in the City Report of WP2. As highlighted in this report, there are numerous contract typologies and different labour relations. In the TAXI there are mainly two types of contracts: the employee contract (which can be permanent or temporary) and the VAT contract.

Law 45/2018 establishes an hourly limit of 10 hours of work per day for platform drivers. However, these limits are not respected. Firstly, the law does not indicate how these hours are to be counted. Thus, the drivers interviewed told us that some platforms, including Uber, count the actual working time (from when the driver picks up the passenger until the end of the ride) and not the real time during which the driver is "logged in" to the platform. Secondly,

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<sup>1</sup> <https://dre.pt/application/conteudo/115991688>

<sup>2</sup> Franco Tomassoni e Giorgio Pirina, «Portugal: um laboratório para a Uber», Le Monde diplomatique – edição portuguesa, Novembro de 2019; Giovanni Allegretti, Sheila Holz e Nuno Rodrigues, «At a crossroads: UBER and the ambiguities of the COVID-19 emergency in Lisbon», em WOLG – Work organisation, labour & globalisation, número especial intitulado «Platform Labour in the Post-Covid City», Ursula Huwes e Mattia Frapporti (ed.), n.º 2, 2021.

multihoming and the existence of several passenger transport platforms, allows the individual driver to extend his working day to the limit of his possibilities. Thirdly, the supervision of the sector by the authorities is very limited, and the deterrent and penalty mechanisms for the platforms are unclear. “With regard to tariffs and earnings, there is no basic wage or minimum tariff for platform workers, leaving room for market competition on prices and downward competition on labour costs” (I\_MOB\_2).

The taxi sector faces a different situation. This sector is considered a public service. There is a national collective contract that establishes a basic wage, which is slightly higher than the national minimum wage. Furthermore, the service tariff is negotiated between the different social partners: government, municipal authority, trade union and employers' associations (ANTRAL). The national collective contract for drivers is negotiated between the trade union and the employers' association. Currently, this collective agreement is defined as obsolete by the unions, who have been calling for a revision since the beginning of 2020, for which a mobilisation was called in November. However, the ANTRAL refuses a revision until the next deadline<sup>3</sup>.

The impacts of the pandemic on these sectors, as well as the government's responses, were covered in the report: COVID-19 IMPACT ON PLATFORM ECONOMY: A PRELIMINARY OUTLOOK. A few things need to be added to the report. Firstly, initially (March 2020) 66% of the salary for lay-off workers was planned to be covered. With the promulgation of the state of emergency related to the second pandemic wave, the coverage became total. Initially, lay-off workers, defined as essential jobs, were excluded from these benefits. Subsequently, they were also integrated under this protection. Secondly, for companies in the mobility sector, state aid provides a direct credit line to companies - both in the taxi sector and for TVDE companies - covering 20% of the difference in invoice, compared to the months before the pandemic, on an annual basis (I\_MOB\_2).

In terms of organizing workers in TVDE companies, important steps have been taken in recent months. With the emergence of an internal platform drivers' committee within the union, a series of demands directed at both the government and local authorities have begun to emerge. First of all, there is the demand for minimum fares, with the aim of blocking the unilateral action of the platform companies in deciding prices, and above all, with the aim of cancelling the dynamic fares set by Uber, used to reduce the cost of service, creating competition between workers and the increase and continuous turnover of drivers. The choice of this claim came after a discussion on the choice between these tariffs or a basic wage. Currently, the discussion is focusing on the possibility to combine the tariff system with a guaranteed wage (I\_MOB\_2). Secondly, mechanisms to strengthen the supervision of the sector by central authorities were requested.

In addition, given the substantial weight of the cost of insurance for TVDE drivers, one of the demands concerns the elimination of the monopoly of insurance companies providing this service to the sector. The cost of insurance for a TVDE driver who owns a sole proprietorship is between 1500 and 2500 euros per year. These costs include car insurance, third party liability insurance, personal accident insurance. With the establishment of TVDE companies these things have increased. Based on this, one of our interviewees who had entered the sector before the enactment of Law 45/2018, point that this law actually worsened the

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<sup>3</sup> <http://www.cgtp.pt/accao-e-luta-geral/14276-sector-do-taxi-precisa-de-regulacao-que-defenda-os-trabalhadores>

condition of Uber workers, “because the addition of this intermediate level did not result in the expansion of protections, leading, instead, to an increase in costs” (I\_MOB\_2). Finally, the claims to the municipal authorities require the definition of quotas and the establishment of collection and release points for passengers<sup>4</sup>.

### **3. Changing Company Strategies**

The entry of platforms into the passenger transport sector was a major blow to the taxi industry. However, this blow has given rise to a number of strategies for the sector, coming both from taxi companies and from local authorities. “The entry of passenger transport platforms has led the taxi sector to modernisation” (I\_MOB\_1). This is mainly based on the adoption of digital platforms to book taxi journeys. However, these platforms have only been developed by the largest companies in this sector.

It should be noted, however, that the taxi sector, since the entry of platforms, in 2014, and Law 45/2018, in 2018, has experienced a fall in demand, but a reduction in its growth (I\_MOB\_1). Although, due to the general increase in aggregate demand in the sector, supported by the substantial increase in the tourism market during this same period, this reduction was less drastic than expected.

In the context of the pandemic, some changes in strategy on the part of the platform companies should also be noted.

It is clear, from our perspective, that this was also a way of drastically expelling many drivers from the market, in a situation where passenger transport operated by platform companies was a refuge market for many who had lost their jobs with the pandemic, many of whom were informal workers without regular contracts. This trend, of course, did not occur during the early months of the pandemic, but began to emerge in the summer period, between late May and early June 2020.

In addition, other platform companies have implemented strategies to diversify their offer. One of these platform companies implemented a low-cost service, operated by small cars (mainly Fiat Panda).

Another strategy, implemented by a third operator, was to create agreements with some TAXI companies, thus being able to reserve a taxi ride from the application.

### **4. Industry regulation**

As already mentioned, while the regulation of the taxi sector depends on central government in terms of labour relations, it also depends to a large extent on local government action in terms of management.

The entry of platform companies has therefore given rise to a series of policies aimed at the taxi sector, combining the action of these institutional levels

The municipal chamber has deployed several strategies. The first is training. In a context where both the municipal administration and the government identify the tourism sector as strategic for the national economy, initiatives have been taken to provide foreign language

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<sup>4</sup> «TVDE – Transporte em Veículo Descaracterizado a partir de Plataforma Electrónica. Caderno Reivindicativo», 6 November 2020, [http://www.fctrans.pt/images/informacao/Acordos/TVDE/20201106\\_-\\_Caderno\\_Reivindicativo\\_TVDE.pdf](http://www.fctrans.pt/images/informacao/Acordos/TVDE/20201106_-_Caderno_Reivindicativo_TVDE.pdf); «Motoristas TVDE apresentam caderno reivindicativo», AbrilAbril, 5 de Novembro de 2020, <https://www.abrilabril.pt/trabalho/motoristas-tvde-apresentam-caderno-reivindicativo>.

courses - mainly English - and courses aimed at giving taxi drivers basic knowledge of the city's historical sites and monuments. (I\_MOB\_1)

Secondly, the municipal chamber has made available a subsidy for the renewal of the taxi fleet, which is combined with government subsidies for the purchase of electric cars. (I\_MOB\_1)

Thirdly, the government, in consultation with local authorities, has put in place a strategy to modernise the taxi fleet, which is currently completing its programme. The Working Group created under the terms of Order no. 6560/2020, of 23 June, of the Secretary of State for Mobility, has as its main mission "to present a set of recommendations to the Government with a view to revising the current regulation of rental transport in light passenger vehicles, focused on the modernisation of the taxi sector."

*The three main vectors of this working group are as follows:*

*Inter-municipalisation* - based on the basic rule of municipal competence in matters relating to the organisation of the passenger transport market in light vehicles, it was possible to obtain a broad consensus on the possibility of introducing a change to the current paradigm (municipal), moving towards an inter-municipal organisation model, using the figure of inter-administrative agreements for sharing and/or delegation of competences. This point included reflections on "geographical organisation" and "quotas";

*Promotion of the digitalisation* of the sector, enabling, in particular, the conclusion of digital contracts

*Revision of the tariff model* in accordance with the new possibilities of territorial organisation and digitalisation of the sector<sup>5</sup>.

In addition to these initiatives, a more ambitious action is being implemented at metropolitan level, involving different municipalities of the Lisbon district.

This is a redefinition of public transport policy in the metropolitan area of the Portuguese capital. In essence, the municipal government has increased its investment in public transport in recent years. This is due to the municipalisation of the metro, which was previously under government jurisdiction. Within this framework of increased investment, two policies can be distinguished. The first is the renewal of public transport. The second is simplification, accompanied by a significant reduction in public transport fares throughout the vast metropolitan area.

"The philosophy of the municipal chamber is as follows: public service is the backbone of mobility in the Lisbon metropolitan area. Services provided by private companies play a complementary role. It is on this basis that we are working towards the integration of all these services" (I\_MOB\_1).

Within this framework, public transport is now being integrated with taxis, platform transport and micro-mobility platforms. In this way, the municipal government wants all these services to be integrated into a single digital application, from which it will be possible to book a ride in any of the platform operators or in a taxi, buy a single ticket or a pass for public transport or access micro-mobility. This is a project on which work has been going on for some time, and which will come into force in a short time, in about a year.

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<sup>5</sup> <https://dre.pt/application/conteudo/136363744>

When asked about the possibility of this policy hardening the competition between the taxi sector and the TVDE, one of our interviewees said that this hypothesis is still doubtful, since by participating in the same ecosystem, there will be an expansion of demand that will affect all sectors, and at the same time, there will be a greater specialisation of each service (I\_MOB\_1).

There is a memorandum between the local government and micro-mobility companies for data sharing. This is used by the municipal chamber to plan urban mobility, cycle development and traffic management. Nothing similar exists with the platform companies. They deal directly with the government, through the IMT. This institute publishes data on this sector in a disorganised manner, which is partly due to the lack of supervision already mentioned.

However, it should be noted that micro-mobility companies in many cases belong to the same groups that operate in the passenger transport and food delivery sectors. In fact, both Uber and other companies are active in all three of these sectors in the Lisbon metropolitan area. It is therefore easy to assume that the memorandum between local government and micro-mobility companies, from the point of view of the latter, is a way of direct intervention in the other sectors as well.