



## SUBMISSION TO THE SENATE SELECT COMMITTEE ON THE FUTURE OF WORK AND WORKERS



Deliveroo is pleased to contribute to the Australian Senate's Select Committee on the Future of Work and Workers.

In summary, Deliveroo's position is that the basis of its engagement with self-employed riders is inconsistent with employment, whether full-time, part-time or casual. None of these provide the flexibility inherent to the way in which self-employed riders work. However, in working with self-employed riders, Deliveroo wishes to be able to provide additional benefits to them without the risk of those benefits changing the relationship from one of self-employed riders to riders employed by Deliveroo.

Deliveroo would be happy to provide any further detail the Committee would find helpful as it develops policy in this area.

## **1 Introduction to Deliveroo**

- 1.1 Deliveroo was founded in 2013 in London and today works with thousands of restaurants and riders across the world to deliver millions of meals. Deliveroo employs over 1,600 people across the 12 markets in which we operate; we work with over 30,000 riders and 35,000 restaurants across over 200 cities. 16,400 additional jobs have been created by Deliveroo in the restaurant industries across the 12 markets in which we operate.
- 1.2 Deliveroo has experienced considerable growth since its launch in 2015. In 2017 revenue growth was over 600% year on year. Over the past 12 months the number of restaurants on the platform is up 70% and rider numbers are up over 50%. Deliveroo recently raised USD482 million of new funding, which values the company at over USD2 billion.
- 1.3 Deliveroo's growth is part of a global trend. McKinsey Global Institute calculates that by 2025, digital work platforms could add USD2.7 trillion to global GDP.
- 1.4 Deliveroo is proud to offer flexible well-paid work to over 3,000 self-employed riders across Australia. Deliveroo also works with over 4,000 of Australia's best-loved restaurants across seven cities in Australia - Melbourne, Sydney, Adelaide, Brisbane, Gold Coast, Perth and Canberra - to bring great-tasting food straight to people's front doors.
- 1.5 A major study by Capital Economics, an independent economic consultancy, recently revealed the significant benefits Deliveroo brings to the restaurant industry in Australia. The study reviewed the impact of Deliveroo for the on-flow of growth and employment in its partner restaurants and the wider restaurant sector. Capital Economics analysed data from a survey conducted by YouGov of Deliveroo's partner restaurants across all 12 markets in which it operates. In Australia it was found that in addition to increased sales and subsequent job creation, there are a range of positive impacts on partner restaurants.
- 1.6 Just over a third of Australian restaurants partnering with Deliveroo have reached previously untapped customer markets, while 17% have expanded their restaurant operations. The study shows that almost 10% of restaurants have employed at least two more people to cater for demand, and in total, 1,800 people found work in the restaurant sector as a direct consequence of the service that Deliveroo provides. Should Deliveroo continue to expand at its current pace, its partnership with Australian restaurants will contribute to the creation of 8,500 new restaurant sector jobs by 2020.
- 1.7 With the launch of Deliveroo Editions in November 2017, Australia's first delivery-only multi-brand kitchens, a further 20 work opportunities were created by Deliveroo and the seven brands operating in the site. And with its Deliveroo Editions expansion plans for 2018, Deliveroo expects to create work for approximately 140 more people in Australia by the end of the next calendar year.



- 1.8 Motored by technology, Deliveroo Editions uses data to identify customer demand in underserved areas and predict which restaurants are likely to succeed in each area, thereby reducing risk for restaurants. Deliveroo is filling the cuisine gaps in local areas while investing in the future of the Australian restaurant sector. Editions is good for work, as it creates work for chefs and kitchen staff at its sites as well as creating more opportunities for Deliveroo riders. Editions is good for consumers, as it allows top restaurants to reach even more customers and give people greater access to incredible food. Editions is good for restaurants, providing infrastructure to set up kitchens so they can bring their brands to new areas within 8-12 weeks, enabling leading brands to reach a new customer base. Deliveroo provides restaurants with unique insights that allow them to tailor menu items and pricing, leading to increases in sales of up to 400%.

## **2 Key features of the Deliveroo self-employed rider model**

- 2.1 Deliveroo works with self-employed riders in Australia because this offers the flexible work riders seek.
- 2.2 The relationship between an employee and an employer, whether full-time, part-time or casual, is completely different to the relationship between a self-employed platform worker and a platform. In the on-demand economy people can choose whether to work, where to work, when to work, can reject work at any point, can finish work at any point, and can work for multiple companies simultaneously at any point. Riders have no obligation to perform any work, and even where they chose to do so there is no obligation to do so personally - with riders able to appoint delegates at their discretion. This is a fundamentally different relationship than that found in more traditional forms of work.
- 2.3 Deliveroo chooses to operate this model because it provides riders with the work they want, and that is reflected in riders' overall satisfaction with Deliveroo. 90% of riders in Australia are happy working with Deliveroo. 80% say they feel part of a community and - crucially - flexible work is the number one thing riders value about working with Deliveroo. We are proud of these results and stay in regular contact with riders to understand and respond to their concerns and priorities.
- 2.4 Working with Deliveroo should not be compared to traditional forms of employment. Riders work on average for 15 hours a week, primarily to top up other income. 60% of all sessions, measured by the duration people are logged in to the app, are for under three hours. Riders prioritise the ability to fit their lives around their work, not vice versa, and that is what we seek to deliver.
- 2.5 The key features of working as a self-employed Deliveroo rider are: riders work across multiple platforms in the same hour; riders have no fixed hours (they pick their own); riders can opt to work where they want; riders have no obligation to work at all; and can provide services via a delegate. There is no other type of work that allows you to work whenever or wherever you want; allows you to plan where to work; allows you to work for a competitor at the same time; and allows you to freely delegate work in this way.

## **3 The future of on demand working**

- 3.1 Deliveroo welcomes the public debate on the future of on demand working in Australia. Deliveroo's position is that everyone, regardless of the basis of their engagement and the work they choose to do, should be provided with security and benefits.
- 3.2 The legal concepts of "employee" and "independent contractor" evolved at a time before technology transformed the economy and allowed a platform, such as Deliveroo, to exist. Deliveroo's position is that these concepts cannot provide both the flexibility that characterises Deliveroo's working relationship with its riders and the security which we believe riders deserve.



*The differences between on demand and casual work*

- 3.3 Traditionally, Australian employment law has sought to provide flexibility to employers and employees by allowing workers to be engaged on a “casual” basis. A casual employee generally works irregular hours (with no guarantee of further work or an obligation to accept work), does not receive paid personal/carer’s leave or annual leave and can be dismissed without notice (or payment in lieu) or any redundancy benefits. A casual employee receives a higher hourly pay rate than the equivalent full-time or part-time employees (the casual loading) to compensate them for the lack of paid leave entitlements.
- 3.4 While casual employment is more flexible than part-time or full-time employment, it is still subject to regulation that would be incompatible with the degree of flexibility that characterises the on-demand economy. For example, casual employees are entitled to an hourly rate of pay, calculated by reference to the national minimum wage or applicable minimum award rate. An hourly wage is incompatible with the Fee Per Delivery payment model that Deliveroo’s riders value, since this gives them maximum flexibility. On Deliveroo’s Fee Per Delivery model, riders are paid according to each delivery they make, allowing them to choose their own working hours and making it easier for them to maximise their fees across multiple platforms.
- 3.5 Further, many modern awards require that casual employees be provided with a minimum number of working hours each time they are engaged. For example, the following modern awards (which provide potential coverage for employees working in the food delivery industry) all require minimum shift lengths for casual employees:
- Road Transport and Distribution Award 2010 – 4 hours minimum;
  - Restaurant Industry Award 2010 – 2 hours minimum;
  - Hospitality Industry (General) Award 2010 – 2 hours minimum; and
  - Fast Food Award 2010 – 3 hours minimum.
- 3.6 These minimum shift length requirements for casual employees conflict with the key features of working as a self-employed Deliveroo rider. Riders can log in or out of the platform at any time - as they have no obligation to work at all, or for any minimum time. As already noted, 60% of all sessions, measured by the duration people are logged into the app, are for under three hours. In fact, over 40% of all sessions were for less than two hours. Further, as any employer, Deliveroo would then expect a level of performance for each hour, which we would have to monitor; and we would have to adopt the fixed shift model that defines the traditional employment models that riders have rejected by seeking work opportunities in the on-demand economy.
- 3.7 The restrictions of casual employment would also remove the flexibility riders currently enjoy by being able to work for multiple companies simultaneously and, where they wish to do so, transferring the work to a delegate appointed by them. Should the prevalent practice of multi-apping remain, it would be unclear which company would pay the casual employee’s wage.

*Providing benefits to riders*

- 3.8 Deliveroo believes that those who opt to work in the on-demand economy should be entitled to both maximum flexibility as well as greater security. In short, platforms such as ours should be able to offer work-related benefits, for example paid personal/carer’s leave or paid annual leave, in a way that is compatible with the flexibility that comes with self-employment.
- 3.9 A range of factors are taken into account in ascertaining whether a worker is an employee or an independent contractor. One of the factors that is relevant is whether or not the worker is provided with benefits ordinarily associated with employment. Where such benefits are



provided, that factor will be taken into account in determining the nature of the relationship. There is a risk to Deliveroo that in providing additional benefits to self-employed riders a finding may be made that doing so has changed the nature of the relationship between Deliveroo and the riders' status at law as a result. At the moment, therefore, there is a disincentive for platforms who want to protect flexibility to also provide benefits.

- 3.10 Should riders be reclassified as employees in consequence of the provision of additional benefits (in particular on a full-time or part-time basis), this in turn could impact the freedom riders currently enjoy to work when and where they choose. This is because the regulated remuneration and provision of benefits such as personal/carer's leave or annual leave that comes with employment status are calculated on the basis of the employee's ordinary hours of work. Should Deliveroo be asked to contribute to work-related benefits, however, it is unclear how Deliveroo would calculate the duration that an individual worked for us.
- 3.11 What constitutes "working time" is unclear when riders are not under any obligation to do any minimum amount of work, and when they do choose to make themselves available to perform services by logging on to the app, they can reject any particular delivery offered to them, including because they are actually working with another platform at the same time as being online on Deliveroo. Furthermore, it is not clear what would constitute a "continuous period" of employment in the on-demand economy where work patterns are highly variable. We do not know whether this would begin from the moment a rider on-boarded, or whether this would be subject to having performed a certain quantity of work across a specific period of time.
- 3.12 Riders are often simultaneously working for other companies while logged in, which means it is unclear which company would be liable for payments and the accrual of benefits during this period. Additionally, the right of delegation that all riders have means it may not even be the rider with whom Deliveroo has a supplier agreement who is working at any given time. It is far from clear that time logged on to the app should simply be equated with "working time" or "ordinary hours of work".
- 3.13 Should riders be reclassified as "employees", demand for work with Deliveroo would likely fall as it would no longer be highly flexible in nature and therefore not as popular. As a result, Deliveroo would work with fewer riders on the road who, unlike now, would operate in fixed shifts. This would be bad for riders, who could not work as they wish; would be bad for customers, who would be denied choice and speed as a result of fewer riders being on the road; and bad for restaurants, who would see lower revenue growth from deliveries through the app.

## 4 Need for law reform

- 4.1 To end the trade-off between flexibility and security, we believe law reform should be considered that allows workers to accrue benefits on the basis of work performed, for example the number of deliveries completed, rather than their ordinary hours of work.
- 4.2 This is Deliveroo's global position and one we have articulated to Governments and Parliaments in other markets we operate in. In the UK, where Deliveroo is headquartered, the Government commissioned a Review of Modern Working Practices. In its submission to the Review, Deliveroo stated:

*"We want to make sure that our riders retain the considerable freedoms that they enjoy at the moment - the freedoms that come with self-employment - but we also want to make sure that they can enjoy a greater level of security. The on-demand economy has changed the way people work and eat. The policy challenge is working out how to make sure that employment law and benefit entitlements fit with this new economic framework."*

*It is not up to Deliveroo to define classes within employment law - and nor is it our place to do so. But one potential solution to the public policy challenge created by the*



*on-demand economy is for new legislation to make it clear that the self-employed can receive benefits without there being a risk to the relationship being reinterpreted by the courts. Ideally, new legislation would make it clear that the self-employed can receive more benefits - coming closer to what 'workers' currently receive - while retaining the right of the company and the self-employee to negotiate a fair and equitable system for calculating entitlements on an accrual basis. Another potential solution to this problem would be to create a wholly new category of employment which would provide a level of security while at the same time allowing companies to calculate entitlements based on services delivered. This would provide those who fall into this new category with both security and a highly flexible relationship."*

- 4.3 We very much hope these ideas will be considered in the Australian context. As our CEO recently wrote, *"We want the innovation we champion in the economy to now be matched with innovation in policy-making. 75% of our riders say they want increased security but don't want this to compromise the flexibility they value. We should answer their call."*
- 4.4 It is important to consider riders' expressed priorities. In a recent survey of riders, riders' number one priority when asked what they would improve about working with Deliveroo was for there to be improvements to the app and our technology. Our new Self Serve Booking tool has been developed following extensive feedback from riders. It provides greater certainty over earnings whilst increasing the flexibility riders want. The system predicts the number of orders in any given area and ensures there are the right number of riders to match demand. Riders can book sessions in advance, or choose to turn up at the last minute, but, crucially, they know work will be available. At Deliveroo riders are at the heart of our business, and we will continue to engage with them to ensure we are providing the well-paid and flexible work people want.

## 5 Conclusion

- 5.1 Deliveroo wants to work with political stakeholders to make sure we combine the flexibility of on-demand work which people want, with the security they deserve. Companies should not have to be forced, as they effectively are now, to choose between offering workers a relationship with a great deal of flexibility and fewer benefits or a relationship with much less flexibility and more benefits. Companies should be able to offer the best of both worlds. Were the law more accommodating, we would seek to give our riders greater security without sacrificing their flexible supplier agreements.
- 5.2 We hope this submission is helpful to policy makers when it comes to the motivations people have for choosing to work in this way and for working out a way forward to create a framework that is fit for the future of Australia, supporting the growing on-demand economy and those who work in it.