**A SHARING ECONOMY REPORTING REGIME:**

**DELIVEROO’S SUBMISSION IN RESPONSE TO THE TREASURY’S CONSULTATION**

**FEBRUARY 2019**

**Executive Summary**

Deliveroo is grateful for the opportunity to respond to the Treasury’s consultation on the introduction of a sharing economy reporting regime.

Earlier this month (February 2019) Deliveroo submitted a response to the Victorian Government Inquiry into the on-demand workforce. In it we called for legislative change to enable companies like ours to offer additional benefits to contractor riders, without this impacting riders’ self-employed status and putting at risk the flexibility that is the main reason they choose on-demand work. The policy objective of any reform seeking to support workers in the on-demand economy must, in our view, be to make sure that employment law and benefit entitlements fit with this new economic framework. That’s why Deliveroo supports efforts by policy-makers in Australia to ensure that the statute book keeps pace with the changing world of work and we want to play our part as a constructive partner to government and regulators.

**It is in that same vein that we support the introduction of a sharing economy reporting regime.** Just as technology has enabled on-demand work, so too has it enabled new earning opportunities for people who may not have previously interacted with the tax authorities, such as students or part-time workers using the sharing economy to top-up other income. This is an extremely positive development that sees more people earning and contributing to the economy, as well as more people given the chance to benefit from the value of work. Participating in the on-demand, sharing economy is particularly valuable for those seeking to top-up earnings; for those with responsibilities such as caring or study that need flexibility in the way they work; and for those seeking a gateway to longer-term traditional employment or starting their own business.

It is vital, however, that everyone who works pays the right amount of tax and we fully support the Treasury and the ATO being given the tools and information they need to make sure that happens. Deliveroo already reports information on the fees that riders earn to the ATO and State Tax Authorities as required, and we are keen to work closely with the Treasury as they design this new regime. It will be important that any new reporting requirements are implemented after an appropriate transition period; recognising that many businesses in the sharing economy are, by definition, young businesses, who will need time to adapt to new data requirements.

**Introduction to Deliveroo**

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. The story began with Deliveroo’s founder Will, arriving in London over 5 years ago and finding it almost impossible to order great food, despite the wealth of incredible restaurants in the city.  Fast forward six years and Deliveroo now operates in 14 countries with over 60,000 riders who deliver orders from 80,000 restaurants in over 500 towns and cities.

2. In 2017 Deliveroo raised USD482 million of new funding, which valued the company at over USD2 billion. 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. Deliveroo’s growth can be attributed to the fact it has enabled thousands of restaurants to start offering their food for home-delivery for the very first time. This is because Deliveroo works with a network of riders who are able to deliver that food to customers in under 30 minutes, managing one of the most complex three-sided marketplaces in the world to match the best-placed rider to every order.  This innovation is great for consumers who have access to amazing local restaurants, which previously didn’t offer delivery; it’s great for restaurants who can reach thousands more potential customers, and it's great for riders as it creates well-paid, flexible work.
2. Deliveroo has experienced considerable growth since its launch in Australia in 2015. In 2017, revenue growth in Australia was 350% year on year. Over the past 12 months the number of restaurants on the platform are up over 150% and rider numbers are up over 50%.
3. Deliveroo is proud to offer flexible well-paid work to over 6,500 self-employed riders across Australia. Deliveroo also works with over 10,000 of Australia’s best-loved restaurants across 13 cities in Australia - including Melbourne, Sydney, Adelaide, Brisbane, Gold Coast, Perth and Canberra - to bring great-tasting food straight to people’s front doors.
4. A major study by Capital Economics, an independent economic consultancy, revealed in 2017 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 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.
5. 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 increased 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.
6. We launched Deliveroo Editions in November 2017, Australia’s first delivery-only multi-brand kitchens. We now have two sites in Melbourne, hosting 12 kitchens and 8 restaurant partners, providing jobs for 22 people in total, from chefs to kitchen staff to site managers. And with its Editions expansion plans for 2019, Deliveroo expects to create work for even more people in Australia by the end of this calendar year.
7. Powered by technology, Deliveroo Editions uses data to identify customer demand in underserved areas and predict what type of food is likely to be popular, 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. And 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 in some cases to increases in sales of up to 400%.

**How we work with riders**

1. Deliveroo works with self-employed riders in Australia because this offers the  flexible work riders seek. We know that flexibility is becoming increasingly important to people as they consider what type of work they want, and we regularly hear that people ride with Deliveroo because they want to fit work around life and not the other way around. Having the freedom to choose when you work, cancel or finish at any point is ideally suited to people who have other commitments; for example a parent who can’t work at the last minute as they need to look after an unwell child, a student who wants to change their plans on a weekly basis depending on their coursework, or someone who wants to make some top-up income for a few weeks to save up for Christmas or a special occasion.

1. 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 choose 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, and there is no comparable sector that offers this degree of freedom and control for individuals. Riders are provided with appropriate work, health and safety materials applicable to them and their delegates as part of the process of becoming a rider with Deliveroo, which help to ensure their safety and that of customers and the general public on and off the road.
2. Deliveroo chooses to operate this model because it provides riders with the work they tell us they want, and this 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.
3. However, as set out in Deliveroo’s recent response to the Victorian Government’s Inquiry into the on-demand economy, we want to be able to provide additional benefits to riders without the risk of those benefits changing the relationship from one of self-employed riders, to employed riders, which would undermine the reason why they want to work with Deliveroo.
4. Deliveroo recognises that allowing companies to provide additional benefits to self-employed independent contractors will require legislative change. However, Deliveroo believes that all riders in Australia deserve to benefit from any reform that enables companies like ours to offer new benefits to riders. A patchwork of incompatible Commonwealth, State and Territory laws and regulations risks creating confusion for riders and unfairness in the system, and so we believe that the Federal Government should work in tandem with the State and Territory Governments to solve this policy and legal challenge - potentially with a new Commonwealth ‘Future Work Act’ that could be replicated uniformly at State and Territory level.
5. Deliveroo strongly supports efforts by policy-makers in Australia to ensure that the statute book keeps pace with the changing world of work. We want to play our part as a constructive partner, and it is in that same vein that we support the introduction of a sharing economy reporting regime.

**Sharing economy reporting requirements**

1. Deliveroo Australia currently provides data in respect of its contractors, including riders, to State tax authorities within its Appendix C returns. These returns include details of payments made to individual riders, the ABN of the individual riders, the nature of the service provided and any available exemptions. The group is currently confirming its filing obligations to report contractor information to the ATO under the new TPRS regime which came into effect from 1 July 2018, with the first returns being due in August 2019. In relation to the various ATO and State filing obligations, Deliveroo would encourage the ATO and States to standardise their information requirements between the difference regimes to ensure that groups such as Deliveroo are capturing consistent sets of data to fulfil their compliance obligations.
2. However, the TPRS reporting requirements are currently limited to specific sectors. As set out in the Treasury’s consultation paper, this potentially limits the Government’s efforts to tackle under-reporting of income by individuals. Therefore, Deliveroo is supportive of extending a sharing economy reporting regime to all platforms in the sector and wants to ensure the Australian government has the tools and information it needs to ensure all citizens are paying the right amount of tax.
3. As set out in the section above, Deliveroo works with self-employed riders as this relationship provides the flexible work that riders seek. While there is no suggestion of this in the consultation document, it is important that any new requirements placed on platforms to report information on their contractors has no bearing on the riders’ self-employed status, as this could put at risk the flexible nature of their work.
4. While the consultation didn’t propose a specific dataset that would be requested, we would want the Treasury to consider the fact that platform businesses in the sharing economy are by their nature young businesses. Many firms operating in this sector in Australia are likely to be fewer than five years old. As a result, they may have systems and processes that have developed quickly over a short period of time and are not necessarily integrated.  As a result, this means data the Treasury or ATO requests could be held in different databases and CRM systems within the company - meaning that reconciliation between different data sources could be required before a complete dataset is shared. As a result, we would encourage the Treasury to provide appropriate lead-in times for firms to adapt to any new data requirements.
5. For a new sharing economy reporting regime to be effective, we believe the requirements need to apply consistently across the Australian economy. The growth of the sharing economy means that it is now possible for individuals to earn income from a whole range of activities - for example renting a room or driveway, selling unwanted goods or offering services. While this is a hugely welcome development for consumers, it necessarily means that individuals may have income from a wide range of different platforms, which is why we don’t think there should be exemptions from the reporting regime for either specific individuals with low earnings or small platforms, as it’s vital that the Treasury and ATO have the full picture.
6. The consultation suggests that a sharing economy reporting regime could enable the ATO to pre-populate individuals’ tax returns. For the same reason as set out above, an individual could have income from a variety of sources, and so it will be necessary for the ATO to have the full picture in order to accurately pre-populate tax returns.
7. Deliveroo also believes that platforms operating in the sharing economy can and should play their part in educating their participants about their tax obligations. At Deliveroo we have a partnership with QuickBooks, which offers a discount to riders to subscribe to a tool that helps them differentiate and track their personal expenses and business expenses. This information helps riders to more confidently file BAS (Business Activity Statements) each quarter and the submit their expenses to their accountants at the end of the financial year to file their tax. As a part of this partnership, we have also collaborated with Quickbooks to offer a free interactive webinar for riders educating them on tax obligations as a sole trader, which was presented by a qualified accountant. We are also developing a partnership with GigSuper - a super fund purposely built for self-employed Australians. We have worked closely with them over the last year to discuss the issues that our riders face with Superannuation contributions and ensure that we provide information and support to riders which will help set them up for the future while working flexibly with Deliveroo.
8. We hope that the contents of this submission are helpful for the Treasury as the consider this issue, and would be happy to provide further information as necessary.