

**Submission
No 15**

**INQUIRY INTO IMPACT OF TECHNOLOGICAL AND
OTHER CHANGE ON THE FUTURE OF WORK AND
WORKERS IN NEW SOUTH WALES**

Organisation: uncover
Date Received: 31 August 2020

SELECT COMMITTEE ON THE IMPACT OF TECHNOLOGICAL CHANGE ON THE FUTURE OF WORK AND WORKERS IN NEW SOUTH WALES

Chair

The Hon Daniel Mookhey MLC

Shadow Minister for Finance and Small Business, and Shadow Minister for the Gig Economy

Submission for

Inquiry into the impact of technological and other change on the future of work and workers in New South Wales

1. | Introduction

The future of the workforce will be dramatically different from what we know of it today or knew of it five or more years ago. Prior to the coronavirus pandemic, and the entry of Uber into Australia five years ago, this workforce existed as sole traders and individuals that would work as nannies, removalists, taxi drivers, or handymen or women. Now, this work, which has always been sole trader or independent contractor based work, has moved 'online' helping others find work, and access this workforce in a much more streamlined fashion.

upcover, an insurtech, began its startup journey to bridge the protection gap for the fastest growing workforce in the world. Our business is driven to provide accessible, simple and easy insurance and benefits products to gig workers in Australia. As part of this mission, upcover has led research into how the gig economy functions, who it comprises, the challenges it faces, and most importantly, focused on finding solutions. We have shared some of our findings here in this submission for the Committee to consider.

1.1 | What is upcover?

[upcover](#) bridges the protection gap for the fastest growing workforce in Australia by providing the self-employed and independent contractors of today with the insurance protection and benefits they need. We're doing this by creating personalised insurance and portable benefits (sick leave, holiday, maternity leave) products that are flexibly and dynamically priced.

Our beta market is a holistic, simple, easy and flexible insurance product for 80,000 delivery riders launched in Sydney, Australia. The team has developed their own tailored wording, and pricing methodology to identify a preferred risk segment. This means that delivery riders can obtain holistic insurance for their small business and personal use - that protects them at work, at home, or in between.

1.2 | Who is behind upcover

upcover is led by founders who have decades of experience in insurance, regulation, and law (Skye Theodorou, Co-founder, and CEO), in scaling operations, technology, and finance (Anish Sinha, Co-founder, and COO). We collaborate with numerous experts from regulation, compliance, tax, technology, and risk to build out the products by adopting a grassroots approach, built from the support, and know-how and learnings of each sector.

More so, we are building our insurance and benefits products and distributing these to enterprises that utilize this unique workforce, as well as directly through our community manager model. Our community manager program is our unique approach to employing from within these sectors. Our community managers are former gig workers and are extensively involved in providing a platform where gig workers can voice their concerns, share their stories, and gain access to information easily. During the pandemic, our community outreach program has worked to build a social media presence for food delivery riders in Australia so as to help the economy understand the gig workers. By building our COVID-19 resource centre and launching petitions for their relief, we continue to monitor the situation as it progresses and incorporate the current changing insurance trends into our product.

1.3 | What is the future of work?

The future of work is a reference to the fastest growing workforce in Australia and the world. At the last Australian census, Australia had more than 1 million sole traders. Since this time, we know that this figure is set to increase dramatically, as the US anticipates more than half of its workforce will move to this form of on-demand, gig-based or freelance type work. Further, with a challenging economic climate and the loss of more than almost a million jobs following COVID-19 ([ABC report, May 5 2020](#)), many people are choosing this work more than ever before.

Simply put, on-demand' work and 'gig economy' has become a certain essential part of the NSW economy. But what does it mean? From our review of secondary research and in building our products within this ecosystem, we believe it can mean a number of things and right now, there is no one definition for this form of work.

The future of work has two key definitions that the Committee wishes to explore, we have defined these below.

1. **On-demand** work relates to work that is obtained from online digital platforms such as Fiverr, Airtasker, TaskRabbit, Expert360, Deliveroo, Ola and AmazonFlex. These platforms are marketplaces, where a ‘worker’ may connect with a ‘customer’ and do some sort of ‘gig’ or task for a fee.

The Victorian Inquiry into the Future of Work (2018-2020) indicated there were more than 40 digital platforms with which individuals found their work (Inquiry into the Victorian On-Demand Workforce, 2020). This has dramatically increased, as a cursory view, upcover’s research has uncovered 71 digital platforms in the fields of at-home-services, mobility, freelancers, insurers, and more (upcover research, market verticals). Within this exists digital platforms, more traditional agencies, and businesses that support the gig economy ecosystem, for example a bike rental company for food delivery riders. This list is by no means comprehensive as the number of businesses operating and in this workforce is large and growing.

2. **The gig economy** refers to a broader label of work, that is any individual that works as a sole trader, or a micro-enterprise. This may be through on-demand work obtained from online digital platforms, or it may be through more traditional means. Traditional sectors of the gig economy include: support workers, handymen and tradespeople, management consultants, nannies, removalists, taxi drivers, or handymen or women.

Most notably, the ‘gig economy’ is a macro-view and definition that is used to describe the umbrella of what really is a multitude of industry sectors, and varying types of people. None of these individuals would typically classify themselves as working for the gig economy, or may not even recognise what this word means. Rather, these workers identify as what their job entails i.e. rideshare driver, food delivery partner, cleaner or nanny.

1.4 | Contribution to the economy

These companies and workers make significant contributions to the NSW and Australian economy. These workers are considered ‘independent workers or contractors’ and have a services agreement between themselves and the digital platform that can match them with work.

For labour based work, Sydney and other metropolitan sectors across Australia, are the hub of the gig economy. While, for skilled based work, we can see that there will be an increase in the ability for these workers to conduct their work from anywhere in NSW - prompting an influx of individuals who wish to work with greater work, life balance, by moving regionally.

Recommendation:

1. Greater incentives for workers who are moving regionally, to promote greater affordability and work life balance for this workforce.

1.5 | Who is this workforce?

This workforce is predominantly made up of two types of skill groups. This is divided by labour based work of delivery, courier and rideshare workers, with skilled based work of management consultants and IT contractors. Typically, the labour based work is lower paid, with lower levels or prospects for education or gaining alternative sources of work.

For many, we have found in our research that certain attributes attached to certain parts of the gig economy workforce as either:

- Permanent resident or international student visa holders
- Possibly primary carer, retiree or requiring flexible working hours.
- Used the gig work as a supplement to other white collar work.

See our customer personas [attached] as an indication of who this type of workforce represents.

1.6 | Delivery riders

One need only look out a window to confirm that food delivery partners have been the often faceless superheroes protecting many from COVID-19. We have confirmed from conversations with UberEats, and Deliveroo, that more than 120,000 registered delivery rider partners work with UberEats. Pre-COVID-19 there were 40,000 active delivery riders working any given 24 hour period. Their average earnings varied, as their income fluctuated with demand and supply. Earning potential remains between \$6 per delivery with most delivery platforms, and can range from \$12 per hour up to \$25 per hour. More than 75% of this workforce is made up of highly educated international students that are on student visas. This means that they are limited to working only 20 hours per week. Major cities such as Sydney are expensive countries to sustain a living, and the most common work

found is delivery rider work.

Recommendation:

1. That the work hour restriction on international student visa holders be lifted to 30 hours, or removed completely.

2. | Our findings

In 2019, upcover established a grassroots community approach to build its products from the ground up. Since its founding, upcover led hundreds of conversations with gig workers in order to identify a preferred target risk segment. Our findings indicate that:

- There is a significant protection gap for gig workers as compared to traditional employment benefits
- Awareness of assistance mechanisms and dispute resolution are lacking amongst the gig population
- Wages for gig workers vary across a spectrum, depending on skills and the parties involved
- Protections for gig workers are limited as traditional insurance cover is not suitable to their needs
- In the USA and the UK, rideshare drivers and courier riders are required to take out their own insurance in order to work.

After assessing the needs of each diverse segment of the gig economy, upcover established food delivery riders as their initial target customers and led further research into how they can be protected. So far, we have conducted more than 2,500 outreaches, over more than 300 hours of interviews and conversations. We operate as a spokesperson sharing the stories and faces behind this workforce, you can see our rider stories here: <https://www.instagram.com/get_upcover/>.

Our findings indicate that:

- Food delivery riders are some of the least protected gig workers in the world, however in Australia, they are also some of the highest paid.
- Digital platforms that provide a platform for food delivery services (like UberEats, Deliveroo, Menulog, EASI) have no obligation to offer protection for the riders, however platforms such as Deliveroo and UberEats do provide a Personal Accident Insurance, which protects loss of income and some payments in case of injuries to a rider while working on the platform. The

TWU and DRA are prompting these platforms to provide greater protections to riders.

- Food delivery riders are at most worried about sustaining injuries in the course of their work, despite this, our analysis of secondary research does not indicate that there has been an increase in severe injuries or deaths due to the increased number of delivery riders on the roads. Of the deaths that have occurred, these were at the fault of other drivers on the road. For example, two scooter riders were killed by a NSW state bus in Bondi.
- CTP insurance does cover injuries and loss of income for not at fault injuries to drivers, and third parties. However, there are limited protections for those on bicycles and e-bikes. There are some instances where no insurance may exist to protect a worker (for example when one delivery rider accidentally injures another), and there are also instances where multiple insurance policies respond to a food delivery rider or rideshare driver. For example, a scooter rider completing their food deliveries was hit by an unknown driver on Spit Bridge. The rider's CTP insurance, Uber Personal Accident Insurance, and Deliveroo Personal Accident Insurance all responded to provide insurance payments to the rider.
- Some e-bikes have batteries that allow the bike to ride without pedal assistance and may not be registered vehicles.
- Food delivery riders are often worried about the safety of their assets (eg. bike, e-bike, etc.) against theft and damage, despite this there are limited protections products available for this workforce to protect their assets. Some bike rental providers are offering 'insurance' products however these are not provided by AFSL holders, or ASIC compliant products, see www.zoomo.com.
- A significant number of food delivery riders are temporary residents. Their motivation to undertake this work was the lack of job opportunities as well as language barriers in other arenas. This indicates that international students are short changed when entering Australia, as they are 'sold' the idea that they will be able to find work that is related to their work or discipline. In reality, this is not the case. Further, many of the international student courses available are not taught to a high standard.
- Major reason cited for undertaking delivery work was time flexibility, a love of working outdoors, and it also being the only work they can find.
- Rideshare drivers also have situations where they may not have adequate insurance in place to cover their accidents and damage to their vehicles in the USA and the UK, rideshare drivers and courier riders are required to take out their own insurance in order to work.

Recommendation:

1. Review the law requiring a 25km/hour limit on pedal assisted vehicles, to either increase this or require some form of insurance for delivery riders on e-bikes. Note, public liability insurance would cover this risk and is more affordable than CTP insurance.
2. Review international student colleges and the fees charged and quality of work provided, require that some relevant job or work experience be included as part of the course work in their related field of study or work.
3. Require insurance to be purchased by gig workers similarly to the USA and UK as either Hire Car Limousine insurance

2.1 | Workplace laws and impact on gig economy

Many of these workers have a limited safety net, due to their work being deemed independent contractor based work. Despite this, these workers often will:

- Arrange their own superannuation payments
- Arrange their own tax returns
- Be paid a low income, where the biggest expense after rent, is student fees to maintain their international student visa.
- The worker enjoys the flexibility and choice of being their own boss.

Challenges however arise where:

- The worker cannot access flexible, simple or easy insurance or benefits products.
- Limited protections and safety net - visa holders were not provided any support from the Government during the COVID-19 pandemic.

Examples of other jurisdictions and how they have handled the workplace laws in their countries include France, who has attempted to adopt a bill creating a third classification of workers. Further examples include California, who has deemed workers to be employees requiring minimum wages. In cases of the latter, Uber and Lyft have created third party arrangements that met these requirements while still ensuring their platforms are not directly mang

Recommendation:

1. A social pledge be allowed wherein digital platforms may provide certain benefits to workers, while not deeming these workers to be employees.

2.3 | Impact of COVID-19

Overnight, gig workers became essential in the battle against the coronavirus pandemic. Along with keeping the nation running, the gig economy turned into a favourable opportunity for many across Australia. Through COVID-19, our team continued to incorporate recent trends in order to build insurance benefits that would protect them against uncertainty.

Over the course of 6 months, we continued to consult with food delivery workers and partner companies. We learnt:

- Food delivery workers are at the frontline of COVID-19 and at risk of acquiring infections
- Recently laid-off workers or prior working professionals are turning to food delivery work in order to sustain themselves
- A huge uptake in delivery workers has led to crowding in the online food delivery market
- Little to no protection against COVID-19 is provided by digital platforms. Even when measures are in place, there is no awareness.

3. | Implications

upcover's research into the gig economy indicates and reinforces the speculated trends of the gig economy. While it has become a safe haven for many, substantial protections for them are lacking. Public policy needs to play an essential role in order to ensure that there are safeguards in place.

4. | Recommendations

upcover is the only insurtech startup that has built portable benefits for the gig economy from the ground up. Companies like Uber and Lyft have publicly announced their commitment to protecting their delivery partners and upcover's products are built keeping them in mind. Our products are a first global offering and include: truly pay-as-you-go cover protecting the worker with a blended personal and commercial insurance product that gets them cover at work, at home, and in between.

In addition, we have built our own upcover community, including the community manager program where workers can access simple and easy support in their own language from workers just like them. Learn more from Matteo, our community manager here <<https://youtu.be/GUkTP1ABP9g>>.

As a role of a startup that is working to bridge the protection gap for these workers, we believe we can advocate on their behalf. Accordingly, our recommendations are made out, we believe to represent our detailed work with and support for these workers. These are:

1. Greater incentives for workers who are moving regionally, to promote greater affordability and work life balance for this workforce.
2. The work hour restriction on international student visa holders be lifted to 30 hours, or removed completely.
3. Review the law requiring a 25km/hour limit on pedal assisted vehicles, to either increase this or require some form of insurance for delivery riders on e-bikes. Note, public liability insurance would cover this risk and is more affordable than CTP insurance.
4. Review international student colleges and the fees charged and quality of work provided, require that some relevant job or work experience be included as part of the course work in their related field of study or work.
5. Require insurance to be purchased by gig workers similarly to the USA and UK as either Hire Car Limousine insurance
6. A social pledge be allowed wherein digital platforms may provide certain benefits to workers, while not deeming these workers to be employees.

We would be pleased to meet with the committee members or to answer any further questions that might be required in this consultation.

Regards



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UPCOVER



Bridging the protection gap for the
fastest growing workforce

Today

1 in 5

Americans 

1 in 10

Australians 

Who are they?

Highly educated

Split by work –
virtual (online) and physical services

Live paycheck to paycheck

Aged between 25-35 years

Tomorrow

1 in 3

~~1 in 5~~

Americans 

1 in 5

~~1 in 10~~

Australians 

What do they do?

Professional or creative services

Artist or performer

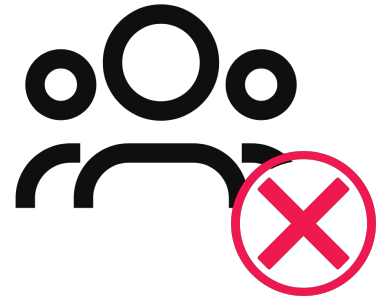
Driving or rideshare

Delivery or shopping

Food services, events or catering
Household help

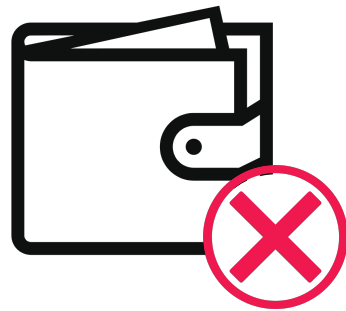
Caregivers

Problem



insurance is not fit for purpose

insurance is complicated, or they just can't get cover



too expensive

working 2+ jobs there is no way to pay as they earn



no safety net

no cover for all their jobs, or way to build up for sick, maternity or holiday leave

A PREFERRED RISK CLASS



There is a perception issue of gig workers globally as presenting moral hazard. While in the UK there are career food delivery riders, or the US it is overwhelmingly dominated by uneducated young men - Australia presents an opportunity to class a significant portion as a preferred risk segment.

RIDE SHARE

- Average age is mid to late 30s with family and responsibilities.
- More than 50% work part-time while the remainder work full-time.
- Up to 50% are trained in white collar work including finance, accounting, business management or advertising and either work part-time in addition to their other office work, between jobs or have left the industry for greater flexibility.
- Half of non-retirees were also primary care givers in their household.
- Majority have been working for Ola, Uber, Didi for at least 1 year or more.
- Female only driver platform providers: Ladies Running Errands and Shebah present a preferred risk class segment that drive to assist in school pick up or drop off or help the elderly.
- There is a requirement for insurance from platform providers however the insurance coverage or products is not consistently mandated.
- Drivers with lower margins, or wishing to 'game' the system tend to rent their car from a motor repairer, or not update their insurance with their provider.

Sources:
See next slide

UPCOVER | PROGRAM PROPOSAL

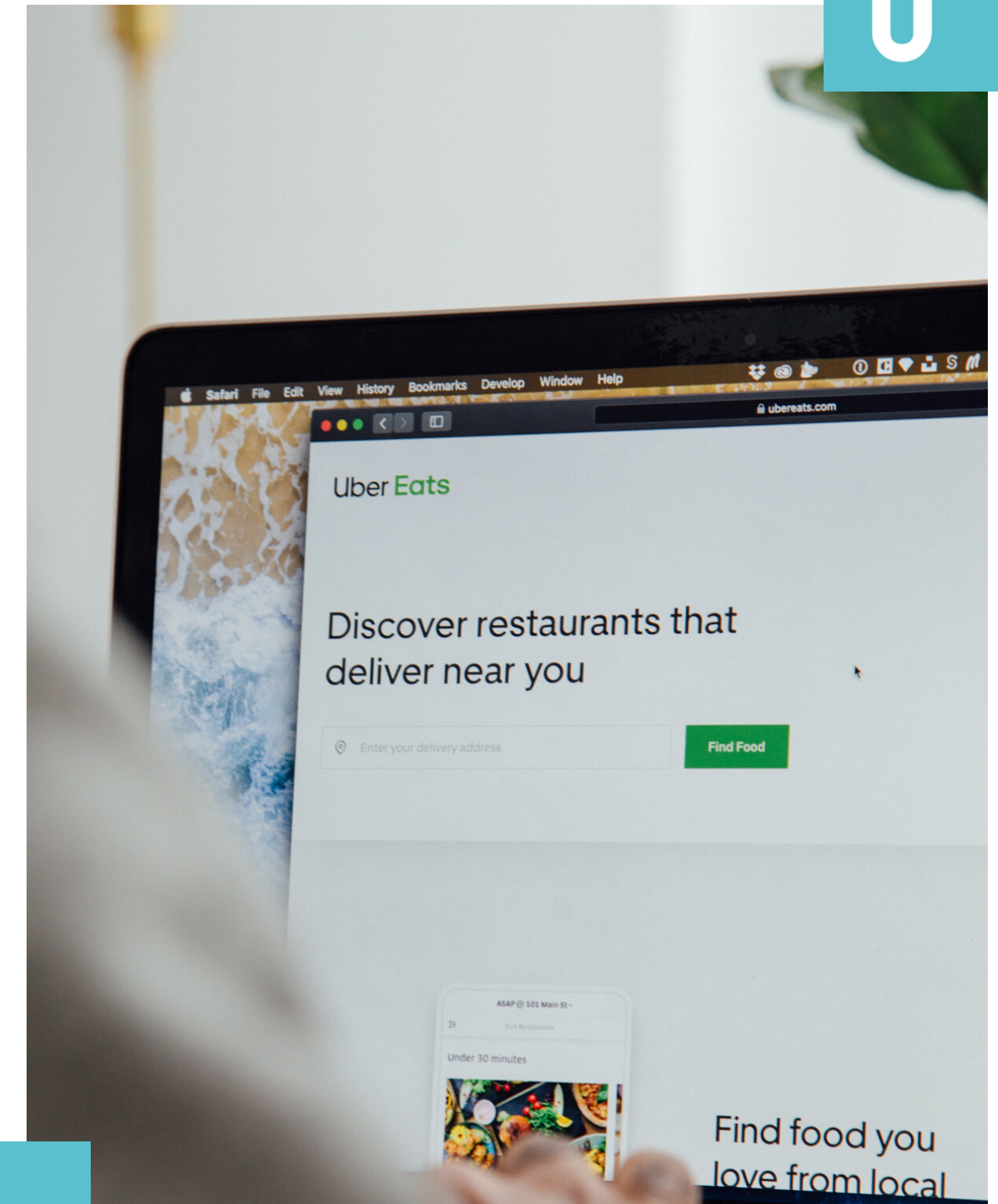
A PREFERRED RISK CLASS

FOOD DELIVERY

- Average age is mid-20s.
- They are international students who can partake in part-time work only allowed up to 20 hours per week during coursework.
- 20%+ female food delivery workers
- More than 90% are tertiary qualified in their own home country, differing to UK or US where there are 'career' couriers, with little to no qualifications.
- Obtained a student visa which is valid for work.
- Churn of users every 3-6 months, there would be a need to protect for other types of work activities i.e. waitressing, cleaning or childcare.
- Many register as a sole trader with their own ABN and TFN.

Sources:

70+ hours of interviews by upcover team, conducted by in-depth human centred design interviews and or unstructured conversations.
The University of Queensland, Flexibility and Insecurity: An Insight into the experiences of Uber drivers in Brisbane, April 2019
QUT, Digital Platform Work in Australia Preliminary findings from a national survey, 18 June 2019
IBISWorld, Ridesharing Services in Australia, October 2018.
Deloitte, Decoding millennials in the gig economy, May 2018.



UPCOVER | PROGRAM PROPOSAL

SIZING AUSTRALIA FOR OUR BETA MARKET



FOOD DELIVERY

The estimated opportunity for food delivery is calculated based on estimates of 40,000 food delivery workers and 150 million food deliveries per year is a total of \$30 million GWP per annum.

RIDE SHARE

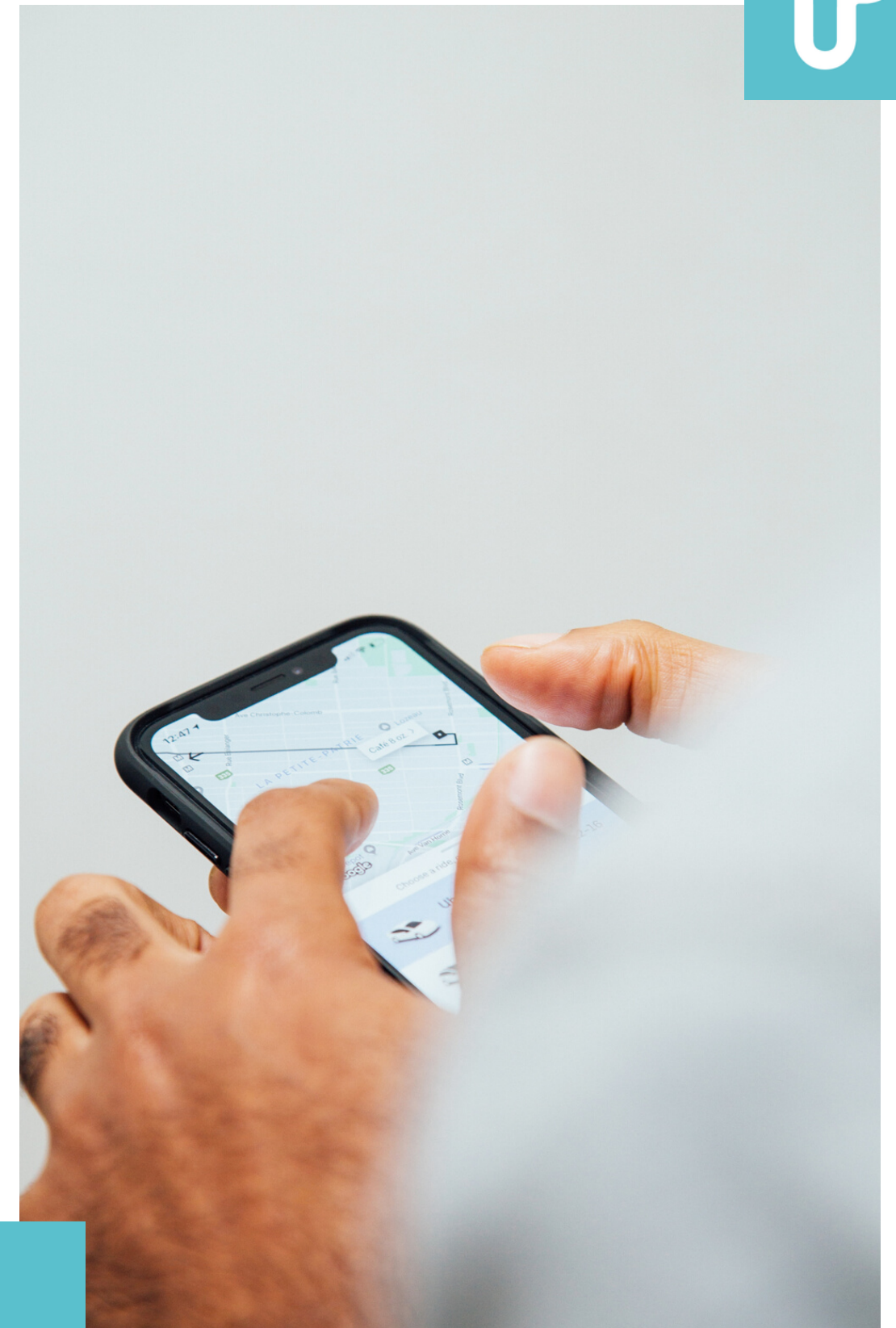
For the 80,000 rideshare drivers providing up to 250 million rides each year, this presents a total opportunity of \$250 million GWP per annum.

PLATFORM EMBEDDED WARRANTY

Customer warranty products for rideshare platforms for up to 250 million rides, at 1% charge per warranty this would be a total of \$80 million GWP per annum.

GLOBAL OPPORTUNITY

The total global opportunity for our food delivery and rideshare beta markets is \$3.6 billion.



UPCOVER | PROGRAM PROPOSAL

Sources:

See Appendices, An explanation of the data, sizing the rideshare market, slide 26

Commercial in confidence

SIZING AUSTRALIA FOR OUR BETA MARKET



GIG ECONOMY - OTHER

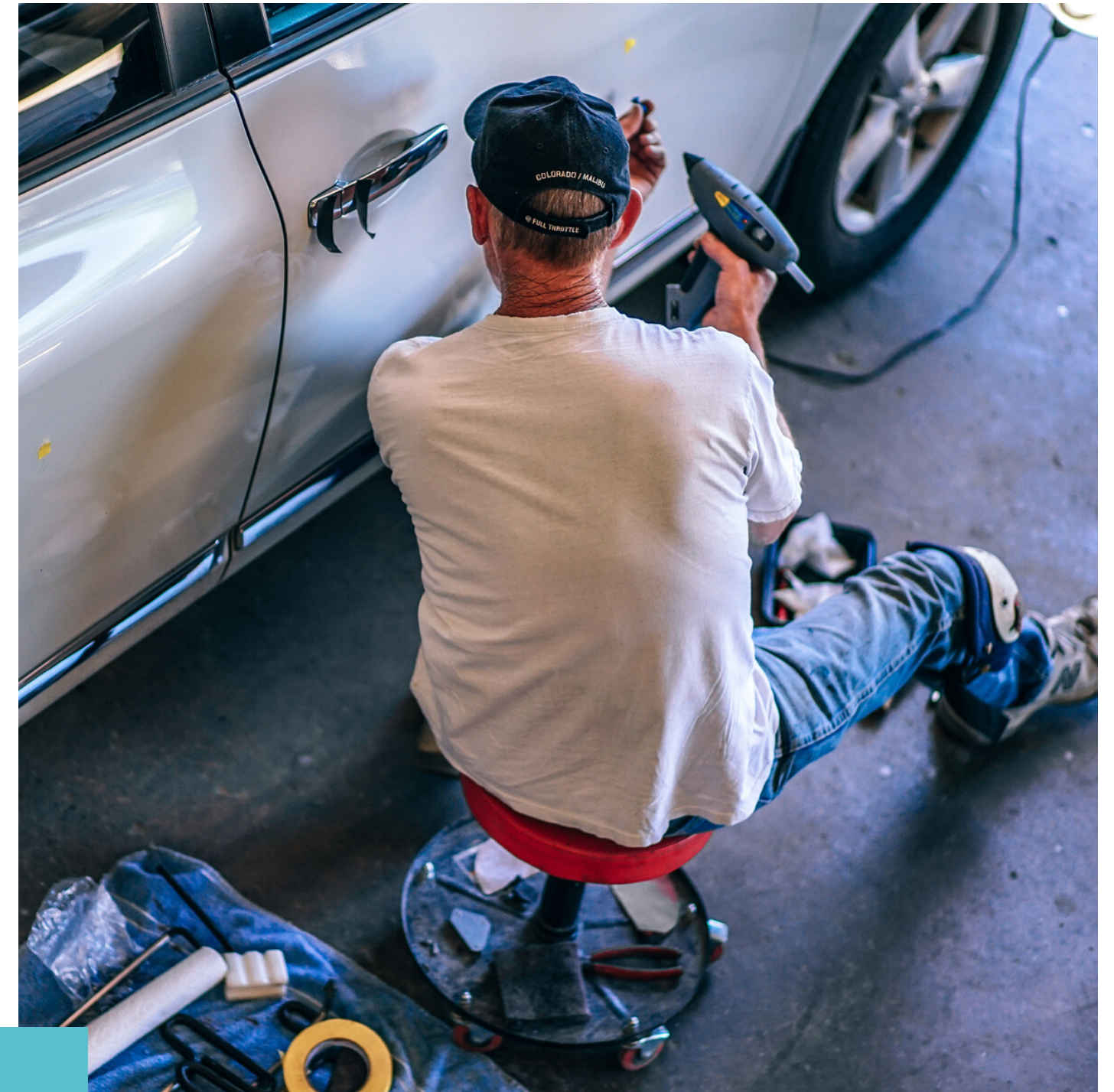
For the remaining verticals, from at-home services, on-demand jobs, independent tradies, creatives or freelancers we estimate the total GWP to be \$2 billion per annum.

OTHER PROTECTION NEEDS

All other protection needs including personalised contents, health and accident or pet has been estimated at a total \$12 billion GWP per annum.

EXPANDING GLOBALLY

We are interested in expanding to provide our protection products throughout New Zealand, Singapore, Hong Kong & Indian markets.



Sources:

See Appendices, An explanation of the data, sizing the rideshare market, slide 26

Commercial in confidence

UPCOVER | PROGRAM PROPOSAL

VOICE OF THE CUSTOMER



RIDESHARE

"I could sign up quickly and be earning money quickly...and it was flexible, because I applied for a lot of different jobs, but it would have been part time and I would have had to find care for the kids, before and after school, or whatever. Yeah, so it was just flexible, and I knew I could work when I wanted to work."

- 34 yo Female Uber Driver, Brisbane, Australia

"I'm an accountant but do this before and after work a couple times a week. A lot of my clients do this work too - there is such a need to provide us part-time drivers insurance that I only pay for when I use it."

- 32 yo Male Ola Driver, Sydney, Australia

"I prefer office work, but now I think [I] wouldn't have the university [credentials] to get this kind of job [in Australia]... Before in my country I work[ed] over 10 years in [an] office."

- 36 yo Male Uber Driver, Brisbane, Australia

Sources:

70+ hours of interviews by upcover team, in in-depth human centred design interviews and or unstructured conversations.

5+ hours of interviews by the upcover team with senior business leaders of platform providers in Australia.

VOICE OF THE CUSTOMER



PLATFORM PROVIDERS

Providing insurance to the drivers and riders is an absolute need. We want them to get it themselves, however we pay for it on occasion too. We know that it is not always best to pay insurance for the workers because of the complex regulatory environment in Australia.

We don't think our existing insurance arrangements understand our business. If you could solve this for us, we're interested.

Our business is food delivery, we don't want to take a cut from the insurance arrangement charged to riders.

We want to provide 'free insurance'. How do we do that in Australia's complex regulatory environment. How can we cover our riders for \$5 or \$10 a week with upcover for public liability and accident cover?

If you want to work with us, speak to our rider partners.

Sources:

70+ hours of interviews by upcover team, in in-depth human centred design interviews and or unstructured conversations.

5+ hours of interviews by the upcover team with senior business leaders of platform providers in Australia.

UPCOVER | PROGRAM PROPOSAL

Solution

A platform where workers can buy pay-as-you-go insurance & benefits to:

**GET
COVERED**

simple, easy
tailored

**SAVE
MONEY**

pay only when
they work

**BUILD A
SAFETY NET**

save up for days
off

The logo for UPCOVER features the word "UPCOVER" in a bold, white, sans-serif font. The letter "U" is stylized with a red triangle pointing upwards from its top-left corner. Below the text is a thick, black, hand-drawn scribble that resembles a horizontal line with a loop.

Bridging the protection gap for the
fastest growing workforce

Voice of the Customer


OMG!



"I have to pay my cleaning agency \$8 a week for my work insurance, even if I don't have houses to clean during the week! Also, this insurance only covers damage to clients' property. I am not protected in any case. I honestly think it's an useless insurance for me. "

- Jessy 

"I think upcover is a great idea! Today no one protects the cleaners on the way to and from work. I work at night and I feel very unsafe when I leave work. I feel unsafe when I'm going home late at night"

- Vishal 



"My cleaning company required me to pay \$80 a month for my work insurance, however, I am not covered in the event of an accident or for medical expenses. As a woman I feel very unprotected, because I work at night in a place with many dark areas. Someone could assault me! "

- Marilen 



"I am very happy that upcover wants to protect cleaners in the event of an accident or illness. Today no insurance pays if I'm injured while I'm working! And in this job it is very common to have accidents with broken glass or with cleaning chemicals. I have always been concerned about falling while moving the vacuum cleaner in high places, with upcover I would be protected. "

- Indi 

CUSTOMER PERSONA



Ximena is from Chile, 29 years old, came to Australia on a 9 month student visa, and has been here for 1 and a half years now. Currently Ximena has a work visa and has two jobs, in the mornings at Xtreme Cleaner and in the afternoons at Glad Group, both cleaning agencies. She lives in King Cross and works 25-30 hours a week.

Ximena's average week in Sydney



How does that compare?

A sample work week for a worker in the gig-economy	\$35,100
Median wage of an Australian millennial	\$48,360
Minimum wage of an Australian	\$39,198

x 52 weeks