

**INQUIRY INTO APPLICATION OF THE CONTRACTOR
AND EMPLOYMENT AGENT PROVISIONS IN THE
PAYROLL TAX ACT 2007**

Organisation: Airtasker Limited

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Airtasker Limited

Submission to NSW Legislative Council's Portfolio Committee no. 1 Premier and Finance regarding its inquiry into the application of the contractor and employment agent provisions in the *Payroll Tax Act 2007*

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Airtasker

ACKNOWLEDGEMENT

On behalf of Airtasker, we would like to thank the NSW Legislative Council's Portfolio Committee no. 1 Premier and Finance (Committee) for the opportunity to make this submission regarding the inquiry into the application of the contractor and employment agent provisions in the NSW *Payroll Tax Act 2007* (Act), (the Inquiry).

One of our core values at Airtasker is to “stay open” and we look forward to sharing with you, in the context of the Inquiry, our business model to provide greater understanding of our marketplace and the underlying distributed ownership model amongst our users.

If you would like to discuss our submission please contact us at any time, by emailing me at

Thank you again.

Tim Fung

Founder and CEO

1. ABOUT US

Airtasker is a community marketplace that connects people who need work done with people who want to work and complete tasks to earn additional income.

We're an evolution of your local noticeboard, leveraging technology to help members of the community come together in a trusted environment to create local Australian jobs.

The idea for Airtasker came about in 2011 when our co-founder Tim was moving apartments in Sydney and asked his mate Ivan (who runs a chicken chippie factory and owns a small truck used to make deliveries) to help with all of those everyday jobs that needed to be done when moving - like cleaning, packing boxes, moving, assembling IKEA furniture and setting up the Wi-Fi router. After helping with all of these jobs, Ivan turned to Tim and said: "Did you know this is the fourth time I've been asked to help someone move apartments? And it's all because of this truck!"

That got Tim and co-founder Jono thinking: Why do we bother our busy friends and family to help with all these tasks when there are so many people across Australia who would love an opportunity to earn some extra money by helping out?

In March 2012, Airtasker was born.

Since then, we've been on a truly humbling journey, learning more about the people in the Airtasker community each day whilst striving towards our mission of creating jobs for Australians and empowering people to realise the value of their skills.

We believe that creating good work for humans is our core purpose, not a by-product of what we do.

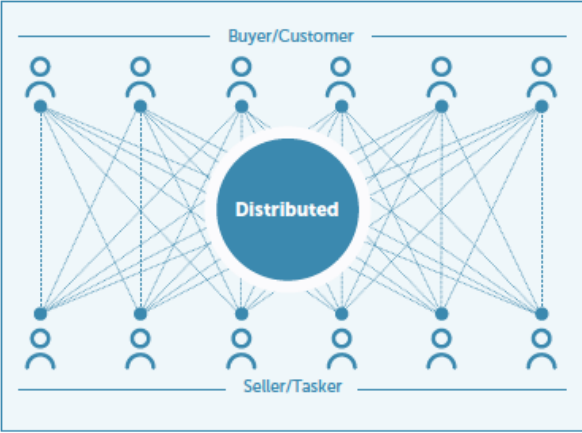
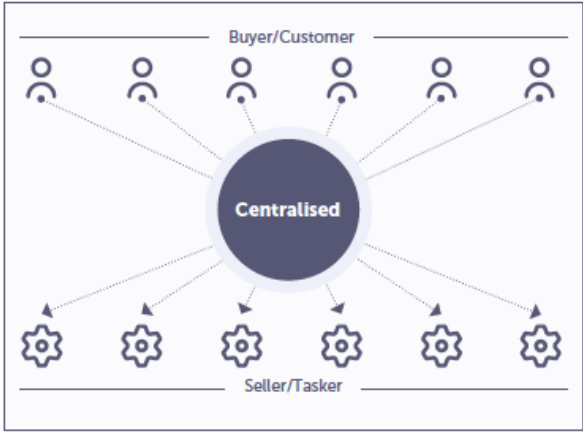
We're a proudly Australian company headquartered in Sydney and employing more than 170 full time team members.

2. DIFFERENCES BETWEEN DISTRIBUTED OWNERSHIP AND CENTRALISED CONTROL BUSINESS MODELS

We believe that there are critical differences between the various platforms currently being referred to collectively under the informal banner of the “gig economy”. The different models can be classified as either a “distributed ownership” model or a “centralised control” model. Given the contrasting impact on stakeholders for each model, we believe any regulatory review should consider these differences carefully and as applicable, distinguish them in any legislative application.

We have outlined our view of the differences between these two models below. Based on these classifications, we believe that Airtasker can be described as an open marketplace with a distributed ownership model.

Distributed Ownership	Centralised Control
The scope of services to be provided is defined independently between the buyer and the seller of the services.	The scope of services to be provided is largely defined by the platform (although there may be some unique parameters for each individual job).
The price to be paid for services is agreed independently between the buyer and the seller of the services.	The price (or pricing methodology) to be paid for services is determined by the platform.
The buyer and seller of the services proactively opt-in to each individual service transaction (rather than committing to long term working arrangements).	The buyer of the services is required to make upfront commitments which may have an impact on that person over the medium or long term.

Distributed Ownership	Centralised Control
<p>The platform does not push work to any individual or groups of sellers. The buyer and seller of services provide their own reputational data (such as licenses, verifications and peer reviews) which they independently use to decide whether they enter into a direct contract with each other.</p>	<p>The platform pushes work to an individual or group of potential sellers. The platform may use proprietary methodologies or data to determine which seller performs the work.</p>
<p>Overall, a wide base of buyers interact independently with a wide base of sellers within an agreed marketplace framework.</p> 	<p>Overall, a base of buyers interact with the agency entity which then goes on to interact with a base of sellers.</p> 

3. AIRTASKER USERS

There are two main roles that a person can represent in the Airtasker community - a buyer of services (which we refer to as a “Customer”) and a seller of services (which we refer to as a “Tasker”).

4. CUSTOMER EXPERIENCE

The interaction with Airtasker for a person who needs a task completed (Customer) by another member of the community (Tasker) is:

Post a Task	Assign a Task	Pay and Review
The Customer can describe a task including requirements, time, location, and proposed budget. It's free to post a task.	The Customer reviews the offers made by Taskers and selects a person based on the information provided. The Customer pays funds into a secure account held on behalf of the Tasker.	Once the task is completed, the Customer requests for funds to be released to the Tasker. The Customer may then provide a public review of the Tasker in relation to the task completed.

5. TASKER EXPERIENCE

Conversely, the interaction with Airtasker for a person who completes a task (Tasker) for another member of the community (Customer) is:

Clarify Requirements	Make an Offer	Request Payment and Review
The Tasker browses jobs posted by the Customer and when interested, can ask questions to clarify the requirements of a task including the qualifications, skills, timing, or equipment required.	Once satisfied, the Tasker can make an offer to complete the Customer's task. They can include any special conditions and quote an amount to be paid in exchange for the services. The amount quoted can be higher or lower than the amount originally posted.	Once the task is completed, the Tasker sends a request to the Customer to release funds. The Tasker may then provide a public review of the Customer in relation to the task completed.

Airtasker generates revenue by charging a Connection Fee to the Customer which is payable upon assignment of each individual task and a Service Fee to the Tasker payable on completion of each individual task and based on the value of each task completed. Both fees are for use of the marketplace.

6. WHO IS FINDING WORK VIA AIRTASKER?

Airtasker is an online marketplace made up of more than 5.7 million Australian registered members.

We do not exclusively define community members as either Customers or Taskers as we believe that each and every person will at times be the seller of services and at another time will be the buyer of services. So far, this hypothesis is supported by the data point that 58% of people that completed a task on Airtasker in the last financial year had also previously posted a task on Airtasker.

Most people who find work on Airtasker do so as a supplementary form of income.

Whilst professional trades people, freelancers, students and consultants use Airtasker to identify opportunities to grow their existing small business, Airtasker also provides working opportunities for people who:

- find it difficult or not possible to find work via traditional employment channels;
- wish to supplement an existing income with an additional source of income; and
- have unique skills that are very difficult to, or cannot be, monetised through traditional, supply-led channels.

We believe that the number of Australians wanting to find work via marketplaces such as Airtasker will continue to grow. There is an increasing trend towards people wanting to work both independently and flexibly, without being tied to a single employer. In recognition of this fact all Taskers on the Airtasker marketplace are engaged as independent contractors.

7. CREATING NEW AUSTRALIAN JOBS

Our data indicates that Airtasker creates new job opportunities rather than simply shifting jobs from one marketing channel to another. We do this via the establishment of a “demand driven” approach in which Customers request the service they specifically need, rather than Taskers trying to predict in advance what services or skills may (or may not) be in demand in the future and then pre-emptively marketing those services to potential Customers.

So, whilst Airtasker is helping to create flexibility and efficiency in existing small business service industries (like trades, photography, accounting services etc) this demand driven mechanism allows Customers on Airtasker to create entirely new service industries and job opportunities that simply would not have existed otherwise and independently engage each other on the marketplace without Airtasker’s involvement.



Our analysis indicates that 24% of jobs created via Airtasker are new jobs that may simply not have otherwise materialised into an economic transaction. Some recent examples of these tasks include:

- Flatpack furniture assembly;
- Drone retrieval services;
- Spider removal services;
- Date night planning; and
- Halloween costume making.

8. ENABLING SERVICE PROVIDERS (TASKERS) TO INDEPENDENTLY DETERMINE PRICE AND INCOME

The price for work (and agreement on scope and specifications) on Airtasker is agreed independently between the Customer and the Tasker. The Customer and the Tasker contract directly on the basis of the terms agreed, without Airtasker's involvement. It is a true independent contractor model where users simply use the Airtasker marketplace to find each other.

In line with our business model, only the Customer sees the range of offers made by the Taskers for each task. Taskers do not see each other's prices which makes "under bidding" and a "race to the bottom" less likely. We believe this is largely the same price comparison mechanism that exists when a person requests quotes from a few different trades people prior to deciding on which person to hire.

We believe it is extremely important that Taskers can proactively set their own pricing as this ensures that they are satisfied with the amount earned for each individual task. There are three metrics which are relevant to the final amount the Customer will pay the Tasker for each task:

- posted price - the initial budget set by the Customer;
- offered price - the price quoted by the Tasker; and
- agreed price - the price agreed by both parties.

Over time, we've seen that there is a positive and growing "spread" between the posted price and the agreed price - indicating that Taskers are able to utilise their reputation to "up-sell" and that low pricing is not the main factor used to determine which Tasker is selected to complete the task. In fact, we've found that

only 53% of completed tasks are performed by the Tasker that quoted the lowest offer price.

Furthermore, Airtasker provides a feature known as “increase price” to allow for either:

- Customers to pay an amount in addition to an initially agreed price; or
- Taskers to request an amount in addition to an initially agreed price.

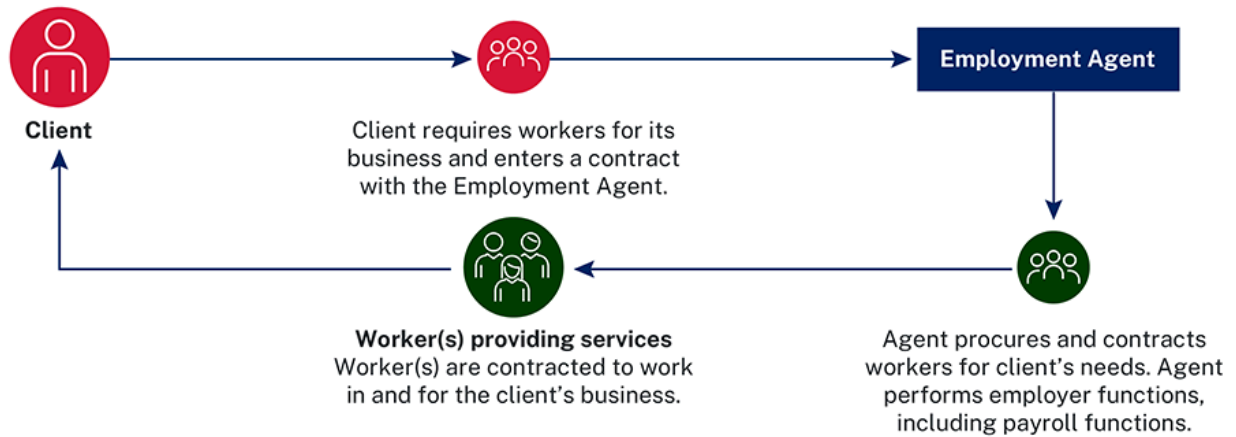
Encouragingly, we’ve seen that more than 60% of “increase price” payments are initiated by the Customer rather than the Tasker. That is, it is far more common for the Customer to offer to pay more to the Tasker rather than the Tasker needing to request to be paid more. This suggests that Customers are not necessarily opposed to (and in many cases proactively in favour of) paying more than what they may be contractually obliged to pay.

We simply provide the marketplace to find other users, not determine the grounds on which the contractual relationship between the Tasker and Customer is independently formed, including determining the value of the contract formed.

9. FURTHER DISCUSSION

The Airtasker marketplace enables contracts to be directly formed between the independent contractor as Tasker and the Customer, including key terms of those contracts such as price, and we encourage the Committee to recognize the differences between centralised control and distributed ownership models in the gig economy.

Considering our distributed ownership business model detailed above, and the following visual description of a typical employment agency relationship (as published on Revenue NSW’s website), we are happy to provide any further clarification of our operations if that would assist the Committee with its Inquiry.



We always remain truly open to hearing opinions and suggestions from all members of the community as we continue to strive towards our mission of empowering people to realise the value of their skills.