

## **Deliveroo response to additional questions from the Senate Select Committee on Job Security**

**May 2021**

Deliveroo is pleased to assist the committee with its requests for additional information. We have grouped the committee's questions by theme and our answers are set out below. On occasions where we cannot answer a specific request for information, this is either because we do not hold this data or because it is commercially sensitive.

### **Rider data (pursuant to questions 1, 2 and 3)**

Details of Deliveroo's collection of information relating to riders, including once collected how it is stored and used, are set out in the 'Australia Rider Privacy Policy':

<https://rider.deliveroo.com.au/rider-privacy>

We ask riders to proactively inform us if they are involved in accidents. This is so that we can provide appropriate support, including access to free personal injury and income protection insurance.

We also periodically survey riders to understand their satisfaction across a range of issues. The Deliveroo Rider Satisfaction Survey<sup>1</sup> revealed 92% of riders said it was important having the flexibility to choose when and where they work with Deliveroo - and to accept or reject whatever order they like.

And in a recent survey<sup>2</sup> of more than 1,900 riders, which provided a Rider Satisfaction Score, 84% said they were satisfied riding with Deliveroo.

### **Earnings (pursuant to questions 4, 18 and 32)**

Food delivery platforms in Australia exist in an intensely competitive labour market where self-employed riders are free to work with competitors and reject orders for any reason. This means that platforms like Deliveroo need to have a strong earnings offer if we are to attract riders at the scale we need. This approach applies across all the cities in which we operate.

We stated at the Committee's hearing on 12 April 2021 that average hourly earnings for riders were \$23.41 in March across Australia (covering the time riders were logged into our app). We also said that average hourly earnings during peak hours were significantly higher (covering the time riders were logged into our app). For our definition of peak hours, please see our response to question 6 below.

However, Deliveroo does not believe that hourly earnings for time logged into our app is the best metric for evaluating rider pay. Riders are free to reject any order and can complete orders with competitors while being logged into our service; we do not have any visibility of

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<sup>1</sup> The Deliveroo Rider Satisfaction survey was completed by 867 riders in the last 30 days to 26 March.

<sup>2</sup> The Rider Satisfaction Score is the average figure when asking riders to rate their experience riding with Deliveroo from 1 to 5. 1,921 riders completed this question between 8 March and 21 March.

what they may earn from other sources. In the 6 month period from 1 October 2020 to 3 April 2021, 53% of orders offered to riders in Australia were rejected. The right to reject orders is not a hypothetical one but one which is exercised frequently, often because riders are choosing to complete deliveries and earn money from other companies.

We therefore believe that earnings for 'time on order' with each individual app is a more useful statistic. Earnings for time on order are commercially sensitive because they offer insight into our operations that may be useful to our competitors. However, we can confirm to the committee that the figure is materially higher than earnings for time 'logged in'. We would be happy to offer more detail to the committee privately if assurances were given that these statistics would not be used in the public record

### **Expenses (pursuant to question 5)**

Deliveroo does not calculate the expenses of its individual riders. Riders are independent contractors who make decisions about their business as they see fit.

### **Peak days and times (pursuant to questions 6,7, 8, 9 and 10)**

Deliveroo defines peak hours as 12 to 2pm and 5 to 9pm Monday to Sunday. That amounts to 42 hours across the week and allows for what we might define as a 'full' week of work across five or six days. Within peak hours we also designate a portion of time as 'super-peak': 6pm to 8pm on Friday, Saturday and Sunday.

It naturally follows that other hours of the day outside of mealtimes see less demand, which is not surprising given we are an on-demand food delivery platform. We are consistent in our messaging to riders that the best way to maximise earnings on the platform is to work during peak hours. And rider behaviour reflects this. Fewer riders choose to log in and perform deliveries during quieter times and more riders are likely to choose to log in and undertake deliveries in the peak times.

### **Accidents (pursuant to questions 11, 16 and 17)**

We are only able to comment on accidents that are reported to us by riders or through other means. This is something we proactively encourage riders to do because their safety is our central priority.

In the year 1 May 2020 to 30 April 2021, we logged the following incidents (nationally):

- Category 1 - loss of life or permanent disability = 0 claims
- Category 2 - requires medical attention, e.g. broken bones or hospitalisation = 25% of all claims
- Category 3 - Minor injury, petty theft or abuse = 75% of all claims

Deliveroo has always provided accident insurance to riders while they are completing orders with us. Originally this was done through workers' compensation schemes. In 2019 we investigated whether state based WorkCover schemes were the best form of insurance for the type of work that food delivery riders do, and we came to the conclusion they weren't for a number of reasons:

- Food delivery riders are not employees, and there were a number of instances where claims were rejected by workers' compensation insurers in different States and Territories, which was of great concern to us.
- Many riders delegate their account to others who use it to conduct deliveries, the delegates are not covered by workers' compensation.
- Many riders multi-app or work in other jobs alongside providing services to Deliveroo. The workers' compensation scheme is not designed to provide insurance to an individual whose Deliveroo's earnings are only a small portion of their overall income.
- Workers' compensation only covers the time a rider is delivering an order, whereas our insurance covers all time logged in, including up to an hour after their last delivery.

Since October 2019 we have provided our own income protection and personal injury insurance for all riders, and their delegates (who a rider may have appointed to complete the delivery on their behalf, something which wasn't always the case with workers' compensation protection, as above); and public liability insurance for motorised vehicle riders as well as cyclists (as they are not covered by compulsory third party insurance). The policy starts as soon as a rider logs onto the Deliveroo rider App, up until 1 hour after their last delivery, no matter who they are delivering for at the time. The policy includes death and permanent disability compensation, payable to the family. The insurance is completely free for riders and applies to riders on all vehicle types.

Medical expenses are covered through the compulsory third party insurance coverage that all licensed vehicle owners are eligible for through paying their vehicle registration. Bicycle riders are able to make claims through their Public Liability insurance.

For more information on our insurance coverage:

<https://riders.deliveroo.com.au/en/news/your-free-deliveroo-rider-insurance>

### **Tolls (pursuant to questions 12 and 13)**

As riders are independent contractors, we have no control regarding the route they choose to take to complete deliveries, and whether or not this will include tolls. However, given the hyper-local nature of our platform within cities, it is unlikely that a route for delivery would include toll roads.

### **'Commission' for riders (pursuant to question 14)**

Deliveroo does not charge commission to riders. For the avoidance of doubt, an administration fee of 4% is levied on each weekly invoice for a rider. This fee is set out in each riders' Supplier Agreement and covers administrative services provided by Deliveroo such as invoicing and maintenance of the rider app. 100% of customer tips are transferred directly to riders.

### **Commission for restaurants (pursuant to question 15)**

Our restaurant commission fees vary depending on a number of factors including:

- The service Deliveroo provides to a restaurant. For some restaurants we offer 'pick-up', where a customer can order via the Deliveroo app and pick up their order from the restaurant. Some restaurants use 'Marketplace+', where a customer can order via the Deliveroo app for delivery but the restaurant fulfils the delivery themselves with their own couriers, rather than working with Deliveroo riders.
- Exclusivity and length of contract.
- The value of the relationship between Deliveroo and a specific partner.

We do not have fixed commission rates and these are the subject of negotiation like any commercial relationship. A significant portion of our commission rates goes towards the delivery fee paid to riders, with a small amount going to Deliveroo to improve the service that we offer restaurants, riders and customers.

**Algorithm (pursuant to question 19, 20 & 31)**

Deliveroo's algorithm - commonly known as 'Frank' - is used to decide which rider receives which order in a given location. Frank is designed to create the best overall delivery solution. Inputs to 'Frank' include location of the rider, restaurant and customer for a given order; the time of day and week; the vehicle used by the rider. It does not consider any "performance metrics" related to the rider, e.g. the rate with which they reject orders, or the speed with which they complete orders, are not inputs into the despatch algorithm.

We do not engage in any automated decision making to deduct pay, reduce the likelihood of riders being assigned orders, or suspend riders. Our algorithm does not penalise riders in any way if they have previously rejected orders. We use data to identify potential issues of poor service such as slow delivery times. However, in the limited number of cases where this happens, all cases are reviewed manually by a member of our rider operations team before being escalated.

The algorithm does not take gender into account in any way whatsoever.

**Mediation and arbitration (pursuant to question 21)**

We can confirm that our riders are not subject to a contractual obligation to engage in mediation and or/arbitration and/or any other legal proceeding in the International Chamber of Commerce (ICC) in Amsterdam, rather than in a local Court.

**Financial performance (pursuant to questions 22, 23, 24 and 25)**

Deliveroo Australia PTY Ltd is registered in Australia for tax purposes. The latest reported information for the company can be obtained from the Australian Securities and Investments Commission in the usual way.

The last available accounts are for the full year 2019. Our revenue for that year was \$117,527,050. Profit subject to tax was \$139,652, offset by brought forward losses making taxable income for the year nil. No payments were made by Deliveroo Australia to any overseas entity or related company for the purpose of intellectual property royalties, licensing fees or any other payment in this regard. These results reflect the nature of a

young, fast growing business, making investments in its people and its platform in order to build scale.

Deliveroo Australia PTY Ltd is a wholly owned subsidiary of its parent company Roofoods Ltd, based in London. Key financial information about the parent company can be found at its investor relations website:

<https://corporate.deliveroo.co.uk/>

#### **JobKeeper (pursuant to question 26)**

Deliveroo employees did not participate in this scheme. As our riders are not employees, we do not hold any information in this regard.

#### **Thank You Fund (pursuant to question 27)**

More than \$1.5m has been paid out to riders in Australia through this fund. The total number of riders in Australia who have benefitted is 2,560.

#### **Liabilities (pursuant to question 28)**

We cannot provide this information as it is commercially sensitive and legally privileged.

#### **Order cancellations (pursuant to question 29)**

Once a rider has accepted an order, they are free to unassign themselves at any time. We are aware that riders regularly unassign after collecting the food from the restaurant by contacting live support.

The rider app is configured so that a rider has to mark once an order has been delivered to the customer. If a customer contacts us to say that the food has not been delivered, we will then investigate manually. This is something that the vast majority of riders would want us to do because satisfied customers in turn mean a higher level of orders for riders.

#### **Sub-contracting (pursuant to question 30)**

Deliveroo riders have the absolute right to delegate their work to any other individual who has the right to work in Australia. This is a fundamental tenet of self-employment. As delegation is a responsibility for the rider, this is not something that we track or can report on.

#### **Minimum wage (pursuant to question 32)**

Deliveroo and other related platforms are providing a form of 'work' that cannot be directly compared to other forms of employment. We believe - and the data supports this - that riding as an independent contractor for Deliveroo is a very popular form of 'work'. Our rider satisfaction score is 84% and we typically receive many more applications from potential

new riders each month than we can process. This is against a backdrop of falling unemployment and up to 100,000 job vacancies in the hospitality industry<sup>3</sup>.

Deliveroo believes any consideration of a minimum wage is also setting an expectation for a maximum wage. That is, riders tell us constantly that they value the freedom and flexibility to work when they want and for whom, with the ability to work for multiple platforms at any point in time. We know that the majority of riders log in for less than 3 hours at a time, will perform deliveries for multiple apps in that time period, and are generally fitting this work around study, caring responsibilities or outside their regular jobs. The ability to maximise the time they have to work, and thereby earn significantly higher than the minimum wage, would be greatly curtailed should a minimum wage be enforced.