Innovation or Exploitation
Busting the Airtasker Myth
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Introduction

The increased prevalence of digitally enabled, gig-based work is actively fragmenting labour standards and disintegrating traditional jobs into short term tasks with no employment safety nets. There has been a great deal of discussion in the media about the rising trend in online employment to provide real world services, otherwise referred to as the gig economy.

This report is a case study into the employment practices and employment conditions available to workers who use the online platform known as Airtasker. Established in 2012, Airtasker hosts a website/app and is the leading provider of task based services. Airtasker acquired its key competitors TaskBox in 2013 and Occasional Butler in 2014. It now has over 550,000 users and generates $3.5 million in paid tasks per month. According to Airtasker, on average it added around 10,000 members a month in 2014 which increased to 25,000 new members per month in 2016.

This report reveals Airtasker has used a cloak of innovation and progress to reintroduce archaic and outdated labour practices, circumventing minimum wage rates and removing employee safety nets. By classifying its workers as independent contractors, Airtasker absolves itself of providing access to standard employment entitlements and conditions including sick leave, minimum wages, annual leave and access to workers’ compensation.

Unions NSW understands technology has unlocked new, innovative and efficient ways of working and doing business. However, in embracing this, governments, workers, unions and business must be able to work together to ensure legislative frameworks adapt to promote equity and balance. Unions NSW seeks dialogue with Airtasker and other gig-economy businesses to find common ground in promoting fairness.
The Rise of the gig-economy

The term gig-economy arose in 2009 at the height of the global financial crisis as many workers lost permanent, full time employment and turned to sporadic, casual and freelance work or ‘gigs’. Since then, the term has evolved to encapsulate the nature of digitally enabled ‘marketplaces’ where companies use websites and apps to pair workers with tasks or jobs that occur both online and offline.

Essentially, the gig-economy is unpinned by four key features:

1. Work is fragmented into specific individual tasks and workers are engaged on a task by task basis with no guarantees of continuous work.

2. Work is performed by one individual worker, but may be commissioned by an individual or a business.

3. Labour transactions between workers and individuals/businesses are facilitated by a for-profit company who charge users for this service (eg, Airtasker). These transactions are performed through web based applications which are managed and controlled by the for-profit company.

4. Workers are classified by the facilitating companies as independent contractors and are not afforded any employment protections or minimum standards in the performance of their work.

The size of the gig-economy is increasing rapidly and attracts millions of users every day. Research conducted on behalf of the NSW Government estimated the sharing economy has contributed $504 million to the State’s economy annually, and provided 45,000 people with some form of work.

The gig-economy spans a broad cross-section of industries, with major players including Uber (taxi and courier services), Airbnb (accommodation services), Whizz (home cleaning services) and Airtasker.
Airtasker was established in 2012 and defines itself as ‘a trusted community marketplace for people and businesses to outsource tasks, find local services or hire flexible staff in minutes - online or via mobile.’ The centerpiece of the business model is a website/app (airtasker.com.au).

To use Airtasker both the job-poster and the worker must set up an account on the company’s website. The job-poster can create a task by specifying details and assigning a rate of pay for the task. Payments are set only for the completion of a task, not on an hourly or daily rate. The rate advertised by the job-poster includes both the payment to be provided to the worker and the 15.0 percent fee to be paid to Airtasker.

A worker who is interested in an advertised job may pitch for the job as advertised or they could compete for the job by bidding down the rate of pay on offer. Bids are blind, meaning only the job-poster can see what workers are bidding, leading to a competitive environment where workers may seek to undercut the advertised rate to gain a competitive advantage. Job-posters can also select workers based on their Airtasker rating, which they receive for work they have performed from other job-posters through the platform.

The Airtasker User Agreement describes the selection of a worker by a job-poster as ‘winning’ and it is this winning which Airtasker believes forms a separate ‘task contract’ which does not include Airtasker. Airtasker categorises workers as independent contractors who are engaged directly by the job-poster, absolving Airtasker of ongoing responsibility to workers, including obligations in regards to minimum employment standards and workplace health and safety requirements.

Once the work is assigned, the agreed amount is deposited to a holding account managed by Airtasker. Airtasker holds the payment until the job-poster declares the job completed and then 85.0 percent of the money is released to the worker and 15.0 percent is collected by Airtasker. Airtasker does not charge any fees to the job-poster.

There are few limitations on what job-posters can request on Airtasker, with restrictions primarily on illegal activities, escort services and tasks regarding completion of school or university assignments. The most common tasks are cleaning, delivery and IT services but also extend to household handy work, building, gardening, costume making and marketing (see figure one).
In addition to the Airtasker User Agreement, Airtasker also stipulates Marketplace Rules to regulate the behaviour of job-posters and workers using the service. Rules seek to control interactions through Airtasker, for example:

‘Pricing for offers placed must be final and when an offer is accepted a Job Poster is not obliged to pay any additional fees within the Airtasker marketplace.’

Violation of the rules or agreement could result in suspension from the website:

‘Members who breach the marketplace rules may have their account moderated, suspended or deactivated.’

Airtasker has been credited as an innovator and economic disrupter. As posited by the Institute of Public Affairs (IPA):

‘sharing economy models are disruptive – emerging, innovative industries and platforms. By disruptive, it is meant that they are likely to force some more inefficient, incumbent industries out of business’.

Despite claims of innovation, the Airtasker business model operates much like a real world labour hire agency. For a fee, it connects businesses or individuals that require a job to be completed with workers to complete the required job.
The cornerstone of the Airtasker business model is to use a legal loophole which allows Airtasker to engage workers as independent contractors and not employees. Genuine independent contractors are governed by commercial rather than employment law, thus bypassing requirements for minimum payments and employment safety nets.\(^{20}\)

Current employment legislation recognises the phenomenon of employers disguising employees as independent contractors, also known as sham contracting. The *Fair Work Act* provides for a contravention for misrepresenting employment as an independent contracting arrangement.\(^{22}\)

The key differential between a genuine independent contractor and an employee is the level of control the worker has over the performance of their work, and their reliance on another company or individual for the commissioning of that work.\(^{23}\) This was highlighted in the decision of *Hollis v Vabu Pty Ltd* which looked at the totality of the relationship between the worker and employer to determine employee or independent contractor status.\(^{24}\)

The work performed by Airtasker workers is arguably different to a genuine independent contract arrangement because Airtasker takes an active role in regulating and controlling the relationship between the *job-poster* and worker. Airtasker:

1. **Charges a work fee.** Airtasker takes 15.0 percent of the worker’s earnings on all jobs. This fee is built into the budget proposed by *job-posters* meaning the fee is charged to the worker.

2. **Regulates the behaviour of workers.** Airtasker regulates the public image and brand of their business. This extends to controlling the public interaction of workers on the website. Workers can be blocked for publicly expressing views with which Airtasker disagrees.

3. **Facilitates a platform where workers are dependent on Airtasker to find tasks.** The ability of workers to find work outside of the platform is limited. Workers gain work off the back of the brand and marketing of Airtasker, as well as the ratings they have accrued within the platform. This curtails the ability of workers to build their own client base or flexibly move their work outside the Airtasker platform.
4. **Maintains the right to remove Workers** and thus restrict their ability to work. Airtasker maintains the right to block workers from Airtasker at its sole discretion. Airtasker is the leader in the market for on-demand services, making it very difficult for blocked workers to continue working in the way they had previously. Depending on the nature of their work, blocked workers are effectively blacklisted and restricted from task based work.

5. **Provides (limited) insurance protection.** While Airtasker does not cover workers’ compensation insurance, it does provide coverage for third party damages.

6. **Regulates the service contract** by providing mediation and arbitration. Airtasker offer a mediation and arbitration service to workers and job-posters who are unhappy with any aspect of their relationship. Examples provided by Airtasker on its website, indicate a clear bias towards the *job-poster* (see figure three).

7. **Controls who performs the work.** Airtasker restricts workers from further outsourcing a task or having it partially performed by another contractor, limiting the ability of workers to fully control the nature and performance of their work.

8. **Interviews and screens workers.** A new subset of workers called ‘Airtasker Pro’ requires workers to be interviewed and screened and if they meet the standards specified by Airtasker, these workers are provided with preferential treatment for tasks.

Whether the threshold for employment is met or not, there is arguably a clear difference between an independent contractor and the workers who are distributed by Airtasker. These workers are dependent on Airtasker for the delegation of jobs. But as a result of Airtasker’s use of the independent contractor classification its workers are not entitled to minimum wages, workers compensation, superannuation, protection against unfair dismissal, the right to collectively organise or access to the Fair Work Commission, among other workplace protections.

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**Example 3:** Sophie assigned a task to Mike for handyman work but had to cancel the task due to a personal emergency. Unfortunately Mike was not notified in time and was already waiting at the property where the work was to be completed. Mike requested partial payment to cover the time and petrol spent in travelling to the task. Sophie declined as this was not agreed in advance. Mediation assistance was requested by both parties by emailing support@airtasker.com. After reviewing the matter and determining that there was no documented prior agreement between the two parties on the Airtasker platform regarding these type of costs. It was recommended that no payment should be made.
Airtasker provides job-posters with full control over the rate of pay they set for tasks. There is an option for job-posters to include how long they expect the task to take, however this is not mandatory. On its website Airtasker provides no information on minimum rates of pay, relevant awards or their terms and conditions. The rate that is advertised by job-posters is not what is paid to workers as it includes the 15.0 percent fee taken by Airtasker which further reduces the amount paid for completion of a task especially in arrangements where jobs advertised on Airtasker start as low at $10 per task (see figure four). For jobs that do indicate a time frame for work, the time is considered only a suggestion and there is no obligation for the job-poster to make additional payments to the worker if the task takes longer than expected.

As part of Airtasker’s marketplace rules, workers are restricted from advertising the hourly rate for which they are willing to work and must instead bid on the entire task. If it’s not possible to finish a task in the time allocated by the job-poster, the worker can negotiate for additional payment to complete the task. However, this is only by agreement and if it is not agreed to and the task is not completed in the advertised time, the job-poster may refuse to pay the worker at all.

Workers are also actively encouraged to compete for work and underbid the rates that are advertised. There is no safety net baseline for work on Airtasker jobs, allowing the minimum industry standards to be completely eroded.

In 2014 Airtasker released an ‘information sheet’ for Job Posters specifying recommended rates of pay for their most popular jobs. A selection of suggested rates are outlined in Table one, which also includes the advertised amount which would be received by the workers (85.0 percent of the advertised rate) and the relevant Award wage.

The recommendations made by Airtasker are indicative of rates offered on the website and fall well below minimum standards.

Payments made through Airtasker do not include monetary entitlements or loadings associated with either permanent or casual work such as
leave, casual loadings, superannuation or workers compensation insurance. Taking into account these additional costs to workers, rates of pay proposed by Airtasker represent a significant underpayment of workers when compared to minimum award rates of pay.

Table one:

<table>
<thead>
<tr>
<th>Job</th>
<th>Rate recommended by Airtasker</th>
<th>Minimum Award Rate (per hour)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Paid by poster (per hour)</td>
<td>Received by worker (per hour)</td>
</tr>
<tr>
<td>Data entry</td>
<td>$17.00</td>
<td>$14.45</td>
</tr>
<tr>
<td>Cleaner</td>
<td>$20.00</td>
<td>$17.00</td>
</tr>
<tr>
<td>Sales</td>
<td>$25.00</td>
<td>$21.25</td>
</tr>
</tbody>
</table>

Minimum wage legislation exists to provide all workers the opportunity to earn a wage that allows for a decent standard of living regardless of the nature of their employment. In its Terms of Use and Marketplace Rules, Airtasker clearly states it will remove the advertising of unlawful tasks or work.

Figure 5: Marketplace Rule #13

Anything related to weapons or unlawful activity. This includes soliciting, inducing or encouraging illegal acts or requesting goods or services in furtherance of a crime.

Yet rates of pay which undercut industry award standards remain on the Airtasker site.
Airtasker claims its workers are covered by a $20 million insurance policy\textsuperscript{22}. This policy does not provide workers compensation insurance but only covers third party damage caused to the job-poster. There is no protection to the worker for personal injury or damage to any of their property either from Airtasker or the job-poster.

The lack of workers’ compensation insurance provided by Airtasker transfers risk to workers and job-posters. Arguably, if a worker is injured, the job-poster may be held liable for injuries occurring in their home and could find they have no insurance coverage for the costs they could incur. Home and contents insurance generally provides coverage for third party injuries or damage occurring on someone’s property. However, in many insurance policies, this legal liability coverage is void if the injured individual is performing paid work at the property. While there are variations between insurance policies and within various jurisdictions, there is no uniform approach to third party injury insurance coverage for job-posters, which arguably creates uncertainty about the claim by Airtasker their workers are ‘fully insured’.

No verification or proof of licenses are required by workers who perform trades skills, including electrical, plumbing and building work. These tasks are also not covered by the Airtasker insurance policy. This raises concerns as to what, if any, warranty is provided by Airtasker to ensure qualified workers are matched to appropriate work to mitigate possible workplace accidents or unlicensed work being undertaken.
In 2013 Airtasker launched ‘Airtasker Business’ for businesses to hire task-based workers without having to provide minimum wage payments or other workplace entitlements. This page has since been incorporated into the main Airtasker site and the company continues to promote Airtasker to businesses as a platform to hire workers.

In the last year, business made up one third of the total value of tasks posted on the platform and this increased by 151 percent between February 2015 and 2016. Airtasker claims 5,318 businesses are using the site to bypass employment obligations.

Businesses engaging workers through Airtasker are not required to pay minimum wages, provide insurance, pay superannuation or pay payroll tax for the workers they hire. Agency fees which would normally be charged to the company by a labour hire firm are instead charged to the worker through Airtasker’s 15.0 percent fee.

Airtasker states it is targeting enterprises and encouraging them to manage ‘on-demand’ work and temporary recruitment through Airtasker. It has also been reported that Airtasker is in talks with businesses like Ikea and the Good Guys to provide services through its customer base.

There is strong evidence to suggest Airtasker is acting as a labour hire agency when it connects individuals with businesses for the performance of paid work. As such, Airtasker should be required to comply with the regulations and legislation that govern labour hire firms including the classification of these workers as employees of Airtasker.

Whilst Airtasker claims to be about connecting individuals in communities, its advertising pitch to business advocates for the connection of firms to cheap and liquid forms of labour, bypassing taxation and employment obligations.
Airtasker is often described as being at the vanguard of the emerging gig-economy. The gig-economy has been lauded for using digital technology to reinvigorate traditional business models in sectors as diverse as transport, accommodation and in Airtasker’s case, labour hire. However, despite being an online operator, the Airtasker business model is not new. The company’s website offers a model of employment no different to a combination of unregulated Taylorism within a Dickensian marketplace where workers compete for bite-sized fragments of labour.

Such an archaic model of work, is neither innovative nor is it removing traditional barriers to efficiency. Rather, the model seeks to reintroduce competitive Taylorism in a laissez faire environment disrupting over 150 years of agitation by workers and unions who struggled to eradicate this form of labour exploitation and replace it with civilized employment relationships. The modern day employment relationship ensures security of ongoing work, safety obligations on employers, minimum wages and unfair dismissal rights. Use of the term innovation is not a sufficient excuse for the reintroduction of exploitative work practices. Airtasker has merely added a technological twist to a nineteenth century mode of employment, using an internet connection to target the vulnerable and desperate for work. The Airtasker model of employment shifts risks onto workers while also increasing the precariousness of employment, while Airtasker and the job-poster profit from a cyber platform.

Companies such as Airtasker aggressively argue their business model would not survive if they were required to treat their workers as employees and provide them with basic working standards. Tim Fung, founder of Airtasker, is quoted as saying Airtasker should not be obliged to comply with legal workplace safety nets, instead relying solely on the free market, “In these kinds of businesses less regulation is required because the market regulates itself.”

Labour standards should not be treated as ‘overregulation’ or an unnecessary limitation on businesses. They are legal minima and have been designed through extensive public debate to ensure a balance between the needs of business and rights of workers to fair minimum conditions and a safe workplace.

The flexibility of the gig-economy is often touted as an advantage of task based work, where workers can pick and choose which tasks they want to do and the hours they want to work. However, this type of flexibility shouldn’t have to be intrinsically paired with a wage discount or reduction of key workplace standards and safety nets like workplace insurance, superannuation and access to the Fair Work Commission to resolve disputes to ensure its viability.
Unions NSW does not believe Airtasker workers meet the definition of an independent contractor. Airtasker retains a significant level of control over workers' access to work and how that work is performed.

The current distinction between employee and independent contractor does not accurately capture the dependent nature of gig-economy work exemplified by Airtasker. As it stands, workers are dependent on an organisation for the provision of work. Despite this dependence, the status quo approach to call these workers independent contractors and restrict their access to the rights and safety nets associated with employment is unacceptable. To flagrantly disregard 150 years of labour standards is to cultivate an industrial jungle, where large tech companies can absolve themselves of responsibility in the name of innovation.

The dependent relationship between workers and Airtasker means they should have access to their legal entitlements which are accompanied by safety nets which ensure work is performed at rates that do not undermine clear industry standards. This is not about wrapping companies in red tape but rather ensuring dependent contractors are provided with safety nets which allow them to pursue decent wages and living standards through their work whilst also ensuring a level playing field for small business operators who are adhering to legislative requirements.

**Enforce minimum rates.**

Airtasker must restrict the ability of job-posters and workers to devalue work. Wage setting should not be limited to a job-poster’s budget and what they believe the value of work is. Nor should workers be forced to compete with each other in a race to the bottom.

Australia has a well-researched and balanced industrial relations system that informs the value of work. Rates of pay advertised on Airtasker should not be allowed to sit below Award minimum wages which other businesses comply. Rates of pay will vary for different tasks, however these rates could be easily inbuilt into the backend of Airtaskers’ website.

**Provide Workers Compensation Insurance.**

No person should go to work without appropriate workers compensation insurance. Workers pay a 15.0 percent fee of every job to Airtasker in order to perform work. This fee should provide insurance coverage that provides a safety net to the workers who make companies like Airtasker profitable.

The 15.0 percent fee Airtasker takes from all tasks should include all mandatory entitlements associated with dependent employment, including workers compensation insurance, superannuation and a casual loading payment in exchange for the lack of sick leave and annual leave entitlements.
When a business acts as a labour hire broker for business, they are a labour hire firm.

Airtasker actively encourages businesses to use Airtasker workers to fill staffing needs in their business. Perhaps businesses will use this to complete small tasks, or perhaps they will entirely replace employees and positions. Airtasker draws no distinction. Nor does Airtasker seek to restrict businesses from using Airtasker to opt out of employment and tax responsibilities.

When Airtasker workers are performing work for for-profit businesses, Airtasker is absolutely acting as a labour hire firm and the obligations of employment should exist.

Airtasker workers should be able to clearly identify if they are performing work for an individual or for a business or undertaking. Profiles and task ads linked to businesses or undertakings should be clearly marked as such. Additionally, business profiles and previous ads they have posted should be searchable.

Conclusion.

Current legislation does not adequately acknowledge or protect the employment conditions of workers engaged in the gig-economy. As this report has illustrated gig-economy businesses, such as Airtasker have used this loop-hole to their advantage, undermining safety standards and well-established workplace entitlements to drive their business models.

Unions NSW acknowledges technology will continue to drastically alter the way work is performed. Rapid advancement in technology and entrepreneurship will at times mean our legislative frameworks do not keep abreast with changes. This is certainly the case with the gig-economy, particularly in relation to the fair treatment of workers.

Legislative change is needed to bolster the safety net and employment conditions of workers engaged in the gig-economy, particularly in relation to minimum wages and workers compensation legislation. Further, legislation must ensure gig-economy businesses like Airtasker are not used as a mechanism for undercutting businesses who meet their legitimate tax and employment obligations.

Workers and their unions, businesses and government will play a crucial role in reforming legislation concerning the nature of work and the gig-economy.
Endnotes

8. https://www.uber.com/
17. ibid, Rule 11
18. ibid
22. Fair Work Act 2009, s. 357
24. Hollis v Vabu Pty Ltd [2001] HCA 44
25. Airtasker, (2016), Airtasker support – when things go wrong
28. Clerks – Private Sector Award, 2010, Level one classifications, rate at 6 June 2016
29. Cleaning Services Award, 2010, Level one classification, rate at 6 June 2016
30. General Retail Industry Award, 2010, Retail Employee, Level one classification, rate at 6 June 2016
31. Fair Work Act (2009), s. 284
34. Redrup, Y. ‘Workforce and productivity summit: Airtasker accounts being checked by the ATO’, Australian Financial Review, December 9, 2015
37. Australia has an extensive common law and legislative history regulating the employment relationship between employee and employer. For reference see Fair Work Act 2009, Industrial Relations Act (NSW) 1996, Workplace Health and Safety Act
39. Industrial relations has been a feature of Australian federal and state election campaigns both currently and historically. See Muir, K. (2008), Worth Fighting For: Inside the Your Rights at Work Campaign, Sydney, University of NSW Press.