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Access Economics



## **Developments in the Collaborative Economy in NSW**

NSW Department of Finance, Services & Innovation

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# Executive summary

The collaborative economy in NSW has experienced significant growth over the past year. This report assesses the developments seen in this sector in a number of ways to create an overall picture of the current state of play. These measures are growth among major players, increasing competition from new market entrants, and businesses expanding their business models into new sectors and to reach new markets.

## Growth in major players

Revenue earned in NSW among major players has **grown 68% over the past year** to \$2.6 billion in 2016. The number of collaborative economy participants who generate income through these platforms has also grown, reaching **92,400 people in NSW**, doubling over the past year. Collaborative economy businesses in NSW providing financial services have experienced particularly rapid growth, **increasing over fourfold** in revenue terms.

## New market entrants

A study of new entrants from key sectors supplements the analysis of the growth in major players. There have been significant changes to the market structure in a number of sectors, including:

- The formation of new businesses driving competition such as **Go Buggy** and **My Country Taxi** in regional NSW as part of the ridesharing industry, and **Spare Workspace**, a new platform to facilitate office space sharing.
- Collaborative businesses from around the world expanding into the Australian economy. For example **Harmoney**, a New Zealand based peer-to-peer lending business, and **Deliveroo**, a food delivery service from the UK.
- The emergence of businesses like **Spacer** in new niche sectors such as storage space sharing.

## New business models and innovation

Another example of innovation is collaborative businesses beginning to expand their business models to operate in new sectors and reach wider markets. For example, Uber is expanding its services from point to point transport by leveraging its platform and user base to provide different services. As part of that, **UberEats** launched in April, which enables food deliveries through the Uber platform.

Partnerships between collaborative economy businesses and traditional businesses is another trend emerging in NSW. These partnerships connect traditional and collaborative markets and provide both parties access to wider markets. For example, a recent partnership between **eBay and Woolworths/BigW** has increased flexibility of the eBay delivery process for its users.

Together, these three perspectives on the collaborative economy indicate substantial development over the past year.

# 1 Introduction

The collaborative economy has continued to grow in 2016. New business models brought on by innovation in the sector have had an impact across a wide range of industries, and has necessitated reviews of existing regulatory frameworks, particularly in relation to consumer protection. Progress has already been made in this area. Over the past year the NSW Government has published a position paper, legalised ridesharing, and undertaken a parliamentary committee review into short-term home letting.

The NSW Department of Finance, Services and Innovation (DFSI) commissioned Deloitte Access Economics to review developments in the collaborative economy in NSW since the publication of the 2015 Review of the Collaborative Economy in NSW.<sup>1</sup>

This report is a high level summary of what has changed over the year since the previous report, based on publicly available data. The objective is to understand how the sector has grown and changed, and to apprise the NSW Government of the state of play of the evolving collaborative economy in NSW.

## 1.1 Assessing developments in the collaborative economy

This report considers various aspects of development in the collaborative economy, in particular, it looks at three indicators of growth (see Figure 1.1):

1. Changes in the value (revenue generated) and volume (number of users who earned income) of activity for the major collaborative economy businesses.
2. Changes in the market structure in key sectors. That is, exit of existing participants and new entrants into the following sectors:
  - Transport and automotive
  - Accommodation services
  - Financial services
  - The goods and redistribution market
  - Services and labour hire
  - Education
  - Other collaborative businesses
3. Expansion of collaborative economy businesses into new sectors and using new business models.

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<sup>1</sup> Report available at: <https://www.finance.nsw.gov.au/publication-and-resources/collaborative-economy>

Figure 1.1: Assessing developments in the collaborative economy



Development in the collaborative economy is considered through three perspectives, partly recognising the current limitations in the availability of data, but also the need to look beyond the numbers to understand how the sector is growing. The growth of activity among major players demonstrates that the collaborative business model is, at a high level, continuing to be viable and desirable in the NSW context. This is based on publicly available revenue and user data.

An analysis of exits and new entries into identified collaborative economy sectors provides an additional view into the growth of the collaborative economy. Reviewing changes in the market structure of individual sectors gives a good proxy of activity and level of competition in the market in the absence of revenue data.

Further, an exploration of the expansion of existing participants into different sectors indicates innovation in the market, and the blurring of the lines between collaborative and traditional business models speaks to the desire of collaborative businesses to scale up their operations and access wider markets.

Consideration of these three perspectives provide a broad view of how the collaborative economy has developed. At the same time, activity growth, net new entry, and expansion and innovation provide an indication that the collaborative economy is evolving.

## 1.2 Definition

To ensure consistency, the definition of the collaborative economy is an updated version of that used in the 2015 report:

*“an economic system of decentralised networks and marketplaces that unlocks the value of underused assets by matching needs and haves, in ways that bypass traditional middlemen.” – Rachel Botsman (2015)<sup>2</sup>*

As in the 2015 report, collaboration between employees, or large businesses, are not the focus of this report. Instead, the emphasis is on businesses which are enabled by digital platforms, and encourage collaboration between producers and consumers.

We take Rachel Botsman's definition of the collaborative economy as a starting point, recognising the idea that the collaborative economy *“unlocks the value of underused assets”*. However, the degree to which different collaborative economy business models deliver this can vary. Some businesses may help individuals increase the productivity of their existing assets, for example, a homeowner being able to rent out unused storage space in return for income. Other businesses may simply be about changing consumer attitudes to consumption by using a platform which connects buyers and sellers in a way that better meets consumers' needs. For example, car sharing services can make it easier to rent a car on demand and for short periods, which may reduce the need for an individual to own a car while still providing them the convenience they require. That is, these platforms help to shift consumer preferences away from a need to own to an acceptance of 'shared consumption'.

This report considers a number of the existing sectors in the collaborative economy, including:

- Transport and automotive
- Accommodation services
- Financial services
- The goods and redistribution market
- Services and labour hire
- Education
- Other collaborative businesses

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<sup>2</sup> Rachel Botsman (2015), “Defining The Sharing Economy: What Is Collaborative Consumption-And What Isn't?”, available at: <http://www.fastcoexist.com/3046119/defining-the-sharing-economy-what-is-collaborative-consumption-and-what-isnt>

## 2 Growth of existing businesses

The 2015 report estimated the revenue generated by key businesses in the major sectors of the NSW collaborative economy to be \$1.6 billion in 2014-15, with around 45,000 users earning money through these platforms.

This report revisits those data for these key businesses; results are presented in Table 2.1. These figures provide an indication of growth in key existing businesses in the major collaborative economy sectors in NSW.

Table 2.1: Growth in the collaborative economy 2014-15 to 2015-16

Sector	Example business	Revenue generated (\$m)	Growth (%)	Users who generated income	Growth (%)
Transportation and Automotive	Uber	132	242	10,200	47
Accommodation Services	Airbnb <sup>3</sup>	180	55	39,500	139
Financial Services	SocietyOne	16	345	6,500	164
Goods and Redistribution	eBay	1,589	67	10,000 <sup>4</sup>	-
Services and Labour Hire	Hipages	724	57	26,300	50
<b>Total</b>		<b>2,640</b>	<b>68</b>	<b>92,400</b>	<b>108</b>

Note: User data estimates are rounded.

Source: businesses' websites

Almost all of the businesses profiled have **grown significantly over the past year, with overall revenue growing at an average of 68%** from \$1.6 billion to \$2.6 billion in NSW in 2016. The latter is equivalent to 0.5% of NSW Gross State Product<sup>5</sup>. Growth in revenues may reflect an increase in the market share of these businesses but also increased activity in the sector overall.

<sup>3</sup> Airbnb data relies on number of listed properties, and given that approximately 30% of these result from a single host listing multiple properties, represents an upper bound estimate of users generating income. However, this methodology is consistent with the previous report. At the same time, data in 2015 was as of October, while current data is as of December. The difference in the time of year may mean that these data are impacted by seasonal changes in activity.

<sup>4</sup> Goods and Redistribution Sector user data are partly based on the number of small businesses active on eBay, which reflects a change in the methodology and thus may not be directly comparable to the figure in the 2015 report.

<sup>5</sup> Australian Bureau of Statistics (2015), 5220.0 – Australian National Accounts: State Accounts, 2015-16, available at:

<http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/5220.02015-16?OpenDocument>

There are now around **92,400 users earning income through key collaborative businesses in NSW, which represents a 108% increase from 2014-15**. This is in part due to increased take-up of the platforms in question, but can also be partially attributed to the increasing availability of data; this means that in some cases, data not previously available are now included. This is detailed further below.

There are a number of difficulties in attempting to quantify the size and growth of the collaborative economy. For instance, given the lack of a universally consistent definition of the collaborative economy, different analyses will include different businesses and so produce different figures. Further, isolating the NSW component of collaborative businesses is challenging as these businesses connect people from all over Australia (and often the world). Additionally, some activity may have simply moved from traditional economy businesses to collaborative economy platforms.<sup>6</sup> For example, tradesmen already in the workforce who choose to start using Airtasker or Hipages to source jobs.

For these reasons, this section does not quantify the size of the collaborative economy as a whole, rather it paints a picture of how the major businesses in the key collaborative economy sectors in NSW have performed over the past year. While it is likely that they comprise a significant share of collaborative economy activity in NSW, it remains a subset of the overall collaborative economy.

In line with the 2015 report, the full list of sectors and businesses analysed include:

- **Transportation and automotive** – Ridesharing (Uber), car sharing (main players in Australian according to IBISWorld) and P2P car sharing (Car Next Door and DriveMyCar)
- **Accommodation services** – Airbnb and Divvy
- **Financial services** – Crowdfunding (Kickstarter and Pozible) and P2P lending (entire Australian industry)
- **Goods and redistribution** – eBay, Gumtree and DesignCrowd
- **Services and labour hire** – Airtasker and Hipages

The methodology for estimating the revenue and participation numbers are in line with the 2015 report. Revenue is calculated as the revenue earned by the platform (e.g. commission on Uber) and suppliers (e.g. income earned by Uber drivers).

In most cases estimating the number of people in NSW earning income from these platforms was done by taking number of users Australia-wide and using population shares as a guide to determine NSW's share. In the case of financial services, average loan size was multiplied by number of annual projects for each financial services business profiled, and then activity attributed to NSW based on share of the population.

Updated figures on the number of goods and redistribution users were in some cases unavailable, as major players such as eBay and Gumtree do not provide regular updates on the number of Australians actively selling on their sites. Where there was no new information the 2015 figures were

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<sup>6</sup> These estimates report publically available revenue data and do not represent the value added by the industry, rather the revenue and user growth of the businesses over the past year.



used, which is a conservative approach and may underestimate growth in the sector.

However, growth of key businesses is only one aspect of the story and does not capture developments in other collaborative businesses. Therefore, these figures show only part of the growth in the NSW collaborative economy.

# 3 New market entrants

Aside from the strong growth amongst businesses profiled in Chapter 2, there has been growth in the NSW collaborative economy in the form of new entrants to the market and expansion of some of the smaller businesses.

This chapter examines key changes in selected collaborative economy in sectors over the past year. These changes have come from three different sources:

- New competitors in existing collaborative industries such as peer-to-peer lending business **True Pillars**;
- New coverage of businesses not included in the previous report, such as **Agrishares**, a business which facilitates the sharing of agricultural equipment; and
- New industries emerging in the collaborative economy such as space sharing business **Spacer**.

## 3.1 Transportation and automotive

The transportation sector has continued to grow, with international ridesharing giant **Uber** employing 15,000 drivers and collecting a projected \$260 million in fares this year. In the same period, a new market entrant, **GoCar**, also successfully launched this year. Similarly, the car sharing industry has grown by 25.7% in revenue terms over the last year, and is projected to continue to grow strongly.<sup>7</sup>

### 3.1.1 Ridesharing

**GoCar**, an offshoot of taxi-hailing app GoCatch, launched in February 2016.<sup>8</sup> GoCar runs on peak and off peak rates rather than using surge pricing like Uber and has been growing rapidly. By the end of May 2016 it already had 1,000 registered drivers.<sup>9</sup>

Meanwhile **Uber** has remained the largest ridesharing platform in Australia with 14.5 million rides being taken Australia-wide in 2015.<sup>10</sup> Over 1 million Australians have downloaded the app,<sup>11</sup> and, at last count, there were

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<sup>7</sup> IBISWorld Pty Ltd (2016), "Car Sharing Providers in Australia", IBISWorld Industry Report OD5063.

<sup>8</sup> CNet (2016), "GoCatch takes on Uber, launches ridesharing in Sydney", available at: <https://www.cnet.com/au/news/gocatch-takes-on-uber-launches-gocar-ridesharing-in-sydney/>

<sup>9</sup> Business Insider Australia (2016), "GoCatch is now cheaper than UberX in Sydney", available at: <http://www.businessinsider.com.au/gocatch-is-now-cheaper-than-uberx-in-sydney-2016-5>

<sup>10</sup> The Australian (2016), "Uber driving dramatic growth in journeys undertaken", available at: <http://www.theaustralian.com.au/business/companies/uber-driving-dramatic-growth-in-journeys-undertaken/news-story/bcd7323c8350822d3c590b3ba659e164>

<sup>11</sup> Roy Morgan Research (2016), "The Uber phenomenon", available at: <http://www.roymorgan.com/findings/6658-uber-phenomenon-201602050108>

24,000 Uber drivers in Australia<sup>12</sup> expecting to collect over \$260 million in fares this year.<sup>13</sup>

This has been a significant increase in driver numbers; drivers in Sydney have grown from 3,000 in 2015 to approximately 8,000 in 2016.<sup>14</sup> Over this period, NSW legalised ridesharing services, effectively providing clarity to participants. This is likely to have contributed to increased take-up by both drivers and passengers.

Uber requires 100 registered drivers to launch in a location, so there are some locations which are currently not serviced. However, over the past year a number of other ride sharing businesses have been established in other parts of NSW. For example, **Go Buggy** began operating in August in Wollongong and Coffs Harbour using a similar model to Uber. However, Go Buggy uses peak/off-peak pricing as opposed to surge pricing, allows passengers to request lifts in advance if they would like, and offers an option called 'Go Girl' for women wanting to be driven by women only.

In Albury/Wodonga **My Country Taxi** launched in August 2016 with 10 drivers and 80 riders. Similarly **Liftango** helps students and staff at the University of Newcastle to connect and share rides to and from the University.

Another ridesharing service in Australia is **Coseats**, where people can advertise a journey they are making (for instance a regular work commute) and sell seats in their car to others. Alternatively, passengers can report the journey they are hoping to complete and drivers can be matched to them. Established in 2011 and having facilitated over 60,000 rides so far, Coseats is Australia's biggest carpool site.<sup>15</sup>

### **3.1.2 Car sharing**

Car sharing allows users to rent vehicles on an hourly basis, significantly improving flexibility and reducing costs for renters. The industry has been growing rapidly over the last five years, largely driven by rising petrol prices and demand for cost-efficient and convenient inner-city transport. In fact, a new report commissioned by the International Carsharing Association, Sydney is now one of the world's most car-sharing friendly cities. The report estimates that up to 10,000 fewer cars are being driven within the CBD as a result of car-sharing, with those cars being replaced by fewer than 1,000 car sharing vehicles.<sup>16</sup>

According to IBISWorld (2016), there are 16 car sharing providers Australia-wide which collectively generated \$69.7 million in annual revenue in 2015-16, and have had an industry annual growth rate of 27.6%.<sup>17</sup>

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<sup>12</sup> Deloitte Access Economics (2016), "Economic effects of ridesharing in Australia".

<sup>13</sup> DMR (2016), "50 Amazing Uber Statistics (October 2016)", available at: <http://expandedramblings.com/index.php/uber-statistics/3/>

<sup>14</sup> Deloitte Access Economics (2015), "Review of the collaborative economy in NSW"; and Deloitte Access Economics (2016), "Economic effects of ridesharing in Australia".

<sup>15</sup> Coseats (2016), "coseats.com", available at: <http://www.coseats.com/index.html>

<sup>16</sup> Motion Digest (2016), "Sydney Urbanites Leads in Car-Sharing" available at: <https://motiondigest.com/2016/10/31/sydney-urbanites-leads-in-car-sharing/>

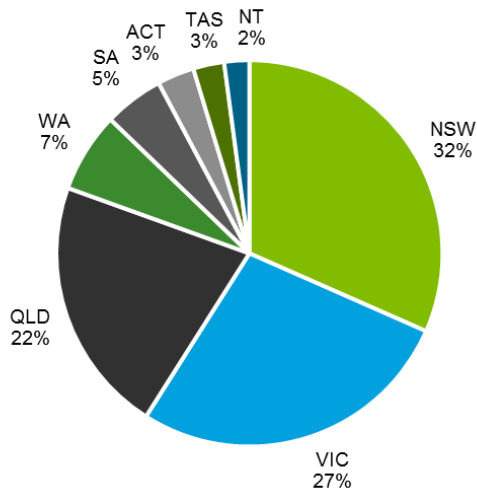
<sup>17</sup> IBISWorld Pty Ltd (2016), "Car Sharing Providers in Australia", IBISWorld Industry Report OD5063.

Technological advancement and increasing smartphone penetration rates will help this industry achieve broad appeal, and this growth is predicted to continue into the future as more consumers turn to low cost, high convenience travel. Industry revenue is projected to grow at an annualised rate of 21.6% over the next five years through to 2020-21, to reach \$185.6 million.<sup>18</sup>

Unlike European and American markets, there are no major industry players with a nationwide presence. Instead, Australia’s geographically dispersed population has meant that a number of establishments have set up to target a specific markets. The geographic breakdown of the industry has not shifted much since 2014, with 31.6% of establishments based in NSW, 27.4% in Victoria, and 21.4% and in Queensland, as shown in Chart 3.1.

**GoGet** is the most established brand in the Australian car sharing market (representing 22.5%) and is still increasing its market share. Its revenue increased by 27.6% in 2015-16, taking it to \$15.7 million. GoGet now has a fleet of over 2,200 vehicles and over 66,000 members across Sydney, Melbourne, Adelaide, and Brisbane.<sup>19</sup> In Sydney alone GoGet has 20,000 users and over 800 cars available.<sup>20</sup>

Chart 3.1: Car sharing establishments by Australian state and territory, 2015-16



Source: IBISWorld (2016)

### 3.1.3 Peer-to-peer car sharing services

The peer-to-peer car sharing market is still growing as well, though there have not been any major new businesses established in NSW in the past year. **DriveMyCar**, the first peer-to-peer car sharing service launched in Australia in December 2008, and **Car Next Door**, founded in Sydney in 2012, are still the main players.

<sup>18</sup> *ibid.*

<sup>19</sup> *ibid.*

<sup>20</sup> Motion Digest (2016), "Sydney Urbanites Leads in Car-Sharing" available at: <https://motiondigest.com/2016/10/31/sydney-urbanites-leads-in-car-sharing/>

### 3.2 Accommodation services

Collaborative accommodation services have grown strongly over the past year. Sydney has moved up the leader board to become the 5<sup>th</sup> largest Airbnb market worldwide following 106% growth in inbound guests over the past year.

Space sharing is also a concept being increasingly adopted in NSW. Collaborative office space provider **Fishburners** this year relocated to a new premises four times larger, and a new entrant, **Spare Workspace**, has paved the way for businesses to lease out excess room for hours, days, or months at a time.

#### 3.2.1 Home sharing platforms

**Airbnb** allows owners to list their properties for short term rental amongst its global network of over 60 million users.<sup>21</sup> Although no new figures have been published, estimates by BIS Shrapnel in 2013 found that Airbnb generated \$214 million in economic activity in Australia.<sup>22</sup>

That figure was based on 2,205 local Australian hosts, and Airbnb now has 4,500 hosts in Sydney alone (more than in Airbnb's founding city, San Francisco), and is growing.<sup>23</sup> In 2015 Sydney was ranked 10<sup>th</sup> place on the global ranking of cities that use Airbnb, in 2016 it has moved up to 5<sup>th</sup> place.<sup>24</sup>

According to recent figures published by Airbnb, there were 262,000 inbound guests to Sydney this year, representing 106% year-on-year growth. There are now 38,000 properties listed in NSW, up from 16,200 this time last year. 62% of hosts rent their entire homes, 37% rent a private space or room within their home, and less than 1% have a shared space. The average annual income for hosts in Sydney is now \$4,700 per annum based on an average of 28 nights rented per year.<sup>25</sup> The rapid growth in users of Airbnb may coincide with the growing acceptance by hosts and users as familiarity with the platform grows. The increase in the number of hosts may partly be driven by a desire to supplement their labour income, as wage growth has been relatively subdued particularly in comparison to property price growth. The ease with which the Airbnb platform facilitates leasing out part of your home as well as short term rentals, makes this a more viable option.

In October 2016, an 18-month-long parliamentary inquiry into the short-term rental accommodation market was completed and a report handed

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<sup>21</sup> Airbnb (2016), "About Us", available at: <https://www.airbnb.com.au/about/about-us>

<sup>22</sup> BIS Shrapnel (2013), "Airbnb economic impact", available at:

<http://blog.airbnb.com/economic-impact-airbnb/>

<sup>23</sup> The Sydney Morning Herald (2016), "Sydney ranks fifth for Airbnb user numbers around the world", available at: <http://www.smh.com.au/business/consumer-affairs/sydney-ranks-fifth-for-airbnb-user-numbers-around-the-world-20161213-gtaoou.html>

<sup>24</sup> Business Insider Australia (2016), "Here's how big Airbnb is in Sydney, and how it compares to the rest of the world", available at:

<http://www.businessinsider.com.au/heres-how-big-airbnb-is-in-sydney-and-how-it-compares-to-the-rest-of-the-world-2016-5>

<sup>25</sup> The Sydney Morning Herald (2016), "Sydney ranks fifth for Airbnb user numbers around the world", available at: <http://www.smh.com.au/business/consumer-affairs/sydney-ranks-fifth-for-airbnb-user-numbers-around-the-world-20161213-gtaoou.html>

down. It suggested that home owners should be allowed to let out spare rooms for cash (using Airbnb and other sharing economy services).<sup>26</sup> The Government is due to respond to the recommendations of the report in mid-2017.

Airbnb competitor **Stayz** has also continued to grow in NSW. Stayz is an online holiday home listing service, and has been growing at an average rate of 20% per year. Stayz Regional Director, Anton Stanish, attributes this continued growth to an increased interest in travel more generally, partly as a result of the increasing range of options for travellers through collaborative economy platforms.<sup>27</sup>

### 3.2.2 Office and parking space sharing

Launched in 2013, **Parkhound** is still Australia's largest peer-to-peer platform that allows residential property owners to temporarily lease their empty driveways or garages to drivers in return for a fee. There are currently 9,116 members across Australia who have collectively earned almost \$5.2 million by renting out their car parking spaces.<sup>28</sup> Similar to Airbnb and other collaborative services, drivers are able to review owners of parking spaces. This accountability gives space owners an incentive to ensure the parking spot is available when agreed.

**Divvy Parking**, another parking platform which connects drivers to unused car spaces in CBD areas has also grown over the past year. The platform had over 3,000 users and 1,000 listings in 2015, and according to its founder, Nick Austin, has continued to experience 10-15% revenue growth month-on-month into 2016. Investors from around the world have seen its potential, with \$2.5 million in additional funding secured this year (taking total investment in Divvy Parking to \$5.3 million) with a view to expanding the platform across Australia and into Asia.<sup>29</sup>

Other carpark listing services such as **Findacarpark** have continued to grow in 2016. It now has 30,000 carparks listed (including 13,579 in Sydney), and landlords have earned \$6 million collectively through leasing or selling their parks.<sup>30</sup>

Similarly, **Share with Oscar** was launched in December this year and allows drivers on Sydney's northern beaches to find parking on the go in vacant residential parking spots. Residents list their spots when they are not using them, and depending on location can charge up to \$10 an hour.<sup>31</sup>

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<sup>26</sup> The Sydney Morning Herald (2016), "Airbnb to get green light in NSW, report says", available at: <http://www.smh.com.au/nsw/airbnb-to-get-green-light-in-nsw-report-says-20161015-gs31t1.html> and Legislative Assembly of New South Wales (2016), "Adequacy of the regulation of short-term holiday letting in New South Wales".

<sup>27</sup> The Sydney Morning Herald (2015), "Stayz still growing despite competition against Airbnb", available at: <http://www.smh.com.au/business/stayz-still-growing-despite-competition-against-airbnb-20151107-gkthjz.html>

<sup>28</sup> Parkhound (2016), "Parkhound", available at: <https://www.parkhound.com.au/>

<sup>29</sup> Startup Smart (2016), "How this Sydney startup secured \$2.5 million in funding and convinced some big names to get on board", available at: <http://www.startupsmart.com.au/advice/business-planning/how-this-sydney-startup-secured-2-5-million-in-funding-and-convinced-some-big-names-to-get-on-board/>

<sup>30</sup> Find a car park (2015), "Find a car park", available at: <http://www.findacarpark.com.au/index.php>

<sup>31</sup> Dynamic Business (2016), "Sydney duo launch shareconomy app, share with Oscar, to take the pain out of parking", available at:

Sydney has been ranked the 6<sup>th</sup> most expensive city in the world to park in.<sup>32</sup> Part of the reason apps like this are growing so quickly may be that they are helping to address the parking shortages, by matching those in need of parking with those in possession of parking space quickly and easily.

Turning to collaborative workspaces, **Fishburners** (Australia's largest start-up co-working space) has, as of this year, been responsible for 621 start-ups in Sydney, and over 1,100 entrepreneurial careers. The demand for desks has been growing at a pace of 5% every month. As a result, Fishburners relocated to a new space four times the size of its previous premises earlier this year.<sup>33</sup> As a sign of its success, it has also announced its intentions to expand into China.<sup>34</sup> There are numerous other collaborative workspaces operating in NSW including Tank Steam Labs, Spaces, Hub Sydney, The EngineRoom, and Stone & Chalk.<sup>35</sup>

A new player in the Sydney collaborative space sharing market is **The Sharing Hub**, which was launched in October this year. It is Australia's first start-up accelerator dedicated to the collaborative economy. It was started by a number of local sharing economy leaders. The accelerator aims to foster innovation and increase interest in the collaborative sector by giving access to training, mentoring, and investment to entrepreneurs looking to establish themselves in this sector. It will also provide a space for collaborative start-ups to leverage off each other and share ideas.<sup>36</sup>

Collaborative workspaces are not necessarily aligned with the definition of the collaborative economy because some do not revolve around the sharing of existing assets. On the other hand, workspace sharing does exist and is growing rapidly in NSW, for example, **Spare Workspace**, founded in September 2015. It provides a platform for companies to list unused office space, which can then be rented by anyone in need of a workspace.<sup>37</sup> Leases can range from 1 hour to 12 months, and 500 spaces have already been listed.<sup>38</sup> The company is looking to rollout across the country, but currently only operates in Sydney, Melbourne, and Brisbane.

**Creative Spaces** is another platform which caters exclusively to those in the creative sector. It matches people in need of creative space with those

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<http://www.dynamicbusiness.com.au/entrepreneur-profile/sydney-duo-launch-shareconomy-app-share-with-oscar-to-take-the-pain-out-of-parking.html>

<sup>32</sup> Mayfair rent a car (2014), "Designer Parking Spots: The Most Expensive Cities to Park in", available at: <https://www.mayfairrentacar.com/designer-parking-spots-9-expensive-cities-park/>

<sup>33</sup> Financial Review (2016), "Start-up crucible Fishburners plans fourfold expansion", available at: <http://www.afr.com/brand/chanticleer/startup-crucible-fishburners-plans-fourfold-expansion-20160413-go5m7u>

<sup>34</sup> Business Insider Australia (2016), "Fishburners is moving into China", available at: <http://www.businessinsider.com.au/fishburners-is-moving-into-china-2016-8>

<sup>35</sup> Business Insider Australia (2016), "These are 11 of the best co-working spaces in Australia", available at: <http://www.businessinsider.com.au/these-are-11-of-the-best-co-working-spaces-in-australia-2016-2#x11>

<sup>36</sup> Startup Smart (2016), "Australia's first sharing economy startup hub is coming to Sydney", available at:

<http://www.startupsmart.com.au/advice/growth/innovation/dealsdirect-co-founder-to-open-australias-first-sharing-economy-hub/>

<sup>37</sup> Spare Workspace (2016), "Spare Workspace", available at: <https://spareworkspace.com.au/find-space>

<sup>38</sup> ShortPress (n.d.), "Entrepreneur Jake Dimarco asks – do you have Spare Workspace?", available at: <http://www.shortpress.com.au/entrepreneur-jake-dimarco-asks-do-you-have-spare-workspace>

willing to rent our appropriate space (mostly government, seasonal businesses, and tertiary institutions).<sup>39</sup>

### 3.3 Financial services

Financial services is an industry that has been significantly disrupted by the collaborative economy. The financial services industry is well established, but has a number of features that make it susceptible to disruption. For instance, financial services include complex experiences which new technology could simplify and there may be some parts of the population which are currently under-served by the traditional sector. This combination means that people may be more willing to give new entrants and business models a chance.<sup>40</sup>

Crowdfunding and peer-to-peer lending have been growing in NSW, and a number of new entrants over the past two years have seen the types of collaborative economy businesses diversify as well as compete with traditional financial service providers.

#### 3.3.1 Online crowdfunding

Crowdfunding has continued to grow strongly around the world. Major players in this industry in NSW have not changed, Kickstarter and Pozible are still the largest crowdfunding platforms.

While no new figures are available for the share of activity in NSW, Kickstarter globally has raised US\$800 million in pledges over the past year, and funded a further 23,000 projects.<sup>41</sup> Given the growth in other collaborative sectors, it is likely Kickstarter in NSW has been part of this global growth.

Similarly, **Pozible** has also grown significantly over the last year. Over this period it has raised \$17.5 million in Australia, taking total funds raised to \$45 million, and has successfully launched a further 1,300 projects.

**VentureCrowd**, established in 2014 provides crowdfund for 'pre-qualified' start-ups that have graduated from accelerator programs or have received private investment. It focuses on sophisticated investors, verifying and approving funders to comply with regulations, offering equity in the start-ups in exchange for cash investments.

One emerging area are not-for-profit crowdfunding businesses, such as those which promote socially responsible causes. Australia-based organisation **Chuffed** was founded in 2013 and in August 2016 surpassed \$10 million raised for charitable causes in Australia.<sup>42</sup> Over the past three years the organisation has grown quickly and expanded into the US, the UK, Canada, Ireland, and the Netherlands. The platform does not take any commission from the donations, so charities are able to keep 100% of what

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<sup>39</sup> Creative Spaces (2016), "About us", available at:

<http://www.creativespaces.net.au/about-us>

<sup>40</sup> Rachel Botsman (2014), "Collaborative Finance: By the people for the people", available at: <http://rachelbotsman.com/work/collaborative-finance-by-the-people-for-the-people-collaborativeconsumption-com/>

<sup>41</sup> Kickstarter (2016), "Kickstarter", available at:

<https://www.kickstarter.com/help/stats?ref=hello>

<sup>42</sup> The Australian Business Review (2016), "Chuffed.org passes \$10 million in step towards social good economy", available at:

<http://www.theaustralian.com.au/business/technology/chuffedorg-passes-10-million-in-step-towards-social-good-economy/news-story/9f0017dee02a125309749b3300943865>



is raised. Instead the platform asks donors to pay an optional additional fee to keep the platform running. **Mycause** is another not-for-profit site which has raised over \$40 million for over 15,000 projects in Australia since its launch in 2007.<sup>43</sup>

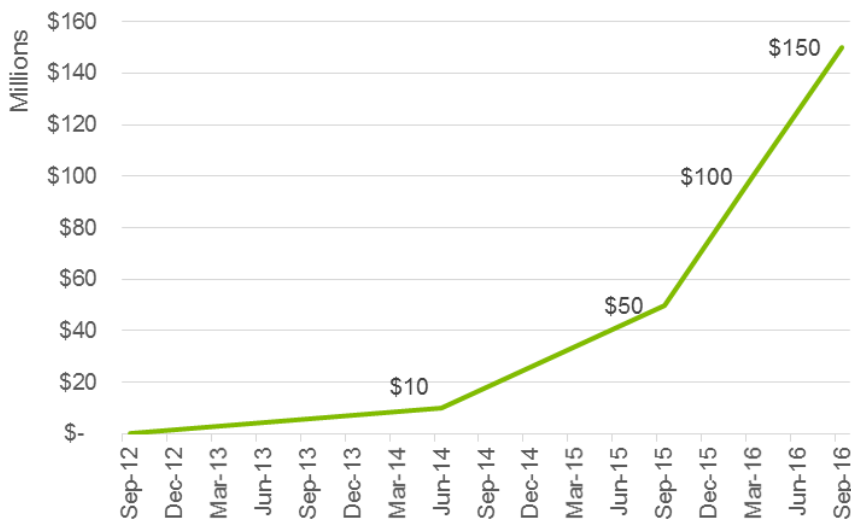
**Give Easy** is another charitable platform using technology to connect charities to their supporters. The platform aims to simplify charitable giving for donators and organisations, and uses cloud technology to streamline the process. This allows people to connect more easily and minimise administration fees so that a larger portion of the donation goes to the cause. Give Easy was established in 2011 in Sydney and now works with close to 650 charities.

### 3.3.2 Lending

Peer-to-peer lending has grown significantly driven by growth of existing firms and new entrants. The five key players listed in the 2015 report have all grown significantly in the past year:

- **SocietyOne** has experienced strong growth (both from those seeking loans, and those looking to invest) and is expected to break \$200 million in lending by the end of 2016.<sup>44</sup> Chart 3.2 shows growth of the SocietyOne platform.

Chart 3.2: SocietyOne Accelerated Funded Loan Growth



Source: SocietyOne (2016)

- In July 2016 **RateSetter Australia** surpassed \$50 million in funds matched between investors and borrowers. Forming in October 2014, Ratesetter has been the fastest growing peer-to-peer lending platform

<sup>43</sup> Mycause (2016), "My Cause", available at: <https://www.mycause.com.au/>

<sup>44</sup> SocietyOne (2016), "SocietyOne targets \$200 million in lending as 2016 shapes up to be break-through year", Media release available at: [https://www.societyone.com.au/assets/public/media/SocietyOne-Growth-Media-Release-190916\\_FINAL.pdf](https://www.societyone.com.au/assets/public/media/SocietyOne-Growth-Media-Release-190916_FINAL.pdf)

in Australia. Close to 4,000 Australians now lend money through the platform, with just under 3,000 borrowers.<sup>45</sup>

- **DirectMoney Limited** has also experienced record growth in 2016, with number of loans settled having increased almost 50% between the second and third quarters of 2015-16.<sup>46</sup>
- While **ThinCats Australia** had an estimated less than \$1 million on its platform at the time of the previous report, in June 2016 it reported having facilitated over \$3 million in loans, with a pipeline forecast to grow to \$20 million within 12 months.<sup>47</sup>
- **Marketlend** has now facilitated a total of \$9.3 million in loans across Australia, this is up from \$2.8 million in 2015.<sup>48</sup>

In addition to the strong growth from these existing businesses, there are a number of new players in the collaborative lending industry. **True pillars** was established in late 2015 and provides loans exclusively to companies with a minimum turnover of \$100,000. The platform assigns each company a credit ranking between one and five stars, and investors then bid on the interest rate they will lend at. True pillars is the first Australian platform to allow retail investors to invest as little as \$50 directly into these loans.<sup>49</sup> The offering of rating systems, essentially providing an assessment of counterparts' creditworthiness, may be an indication that the collaborative economy lending sector is becoming increasingly sophisticated.

**Harmoney** is another peer-to-peer lending platform establishing itself in the Australian market. Harmoney has previously been operating in New Zealand and only arrived in Australia in September 2015, with their Australian operations based in NSW.

### 3.4 The goods and redistribution market

The goods and redistribution market has not seen as much change as some other sectors, as it is a more mature market, however many businesses have experienced growth. For example, niche crowdsourcing platform, DesignCrowd, has gained 70,000 members globally this year. At the other end of the spectrum, some have not been able to sustain this growth, as in the case of TuShare, which closed down in November 2016.

#### 3.4.1 Peer-to-peer marketplaces

One of the most recognised companies in this market, **eBay**, has an average 8 million unique Australian users on a monthly basis.<sup>50</sup> While this is broadly unchanged from 2015, the site is still growing and expanding: Myer officially joined the site in February 2016, bringing 10,000 new products to the site and allowing Myer to access to the market thus broadening their

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<sup>45</sup> RateSetter (2016), "RateSetter Australia passes \$50 million in record time", available at: [https://www.ratesetter.com.au/blog/posts/ratesetter-australia-passes-\\$50-million-in-record-time](https://www.ratesetter.com.au/blog/posts/ratesetter-australia-passes-$50-million-in-record-time)

<sup>46</sup> The Adviser (2016), "DirectMoney on aggressive growth path via broker channel", available at: <http://www.theadviser.com.au/breaking-news/34228-directmoney-on-aggressive-growth-path-via-broker-channel>

<sup>47</sup> ThinCats Australia (2016), "ThinCats, DomaCom Join Forces On Loan Deals", available at: <https://www.thincats.com.au/news/>

<sup>48</sup> Marketlend (2016), "Statistics", available at: <https://www.marketlend.com.au/statistics1/>

<sup>49</sup> The Age (2016), "Truepillars first to let retail investors lend to business", available at: <http://www.theage.com.au/business/banking-and-finance/truepillars-first-to-let-retail-investors-lend-to-business-20160430-goj5fl>

<sup>50</sup> eBay Media Centre (2016), "Myer launches on eBay", available at: <http://media.ebay.com.au/myer-launches-ebay>

customer base. eBay is now home to more than 30 of Australia's top 50 retailers, as well as over 28,000 small businesses.<sup>51</sup> Further, IBISWorld estimates revenue from online retail spending in Australia in 2016 will be \$18 billion, a 15% increase from last year, with part of this is likely to reflect growth in the eBay platform.<sup>52</sup>

### 3.4.2 Peer-to-peer sharing

There have not been many new entrants in this area. **The Clothing Exchange** is still hosting events frequently encouraging people to recycle the clothes they no longer want and trade with others rather than purchasing new.

Growth has in some cases been unsustainable, **TuShare**, a platform which allowed Australians to share their pre-owned items with others, closed down at the end of November 2016 citing increasing costs.<sup>53</sup> Supporting a platform which had grown from nothing to 50,000 members in 2 years proved unsustainable, though it is clear that people were interested in participating.

Not-for-profit organisation, **Freecycle** is another platform designed to encourage reuse instead of disposing of unwanted but still useful items. It has over 9 million members globally in over 5,000 local group communities. It allows people to post their unwanted goods online for other interested locals to pick up and reuse. Freecycle has been around since 2003 and currently has 62 participating groups in NSW.<sup>54</sup>

### 3.4.3 Crowdsourcing

Australian company, **DesignCrowd** (the world's most popular custom design marketplace for graphic designers) has been growing strongly over the last year. There are now over 550,000 graphic designers signed up from around the world (up from just under 480,000 in 2015), and in 2016 around \$9 million worth of work was completed.<sup>55</sup>

## 3.5 Services and labour hire

Both personal and professional services collaborative sectors have experienced significant growth over the past year. It has been suggested that a feature of the collaborative economy is that it has generated a new wave of 'invisible jobs', broadening the spectrum of activities people can do to earn a living and allowing greater specialisation in the workforce.<sup>56</sup> Significant new entrants in NSW include UrbanYou and Whizz that provide platforms for individuals to outsource cleaning and gardening jobs.

### 3.5.1 Personal Services

**Airtasker** has experienced dramatic growth in Australia over the past year, both in number of users and number of tasks requested. It now has 800,000 members participating on the platform, with around 25,000 new

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<sup>51</sup> *ibid.*

<sup>52</sup> IBISWorld Pty Ltd (2016), "Online Shopping in Australia", IBISWorld Industry Report X0004.

<sup>53</sup> TuShare (2016), "We're saying goodbye to TuShare", available at: <http://about.tushare.com/>

<sup>54</sup> Freecycle.org (n.d.), "History & Background Information", available at: <https://www.freecycle.org/about/background>

<sup>56</sup> Financial Review (2014), "The 'sharing economy' – where everything is for sale", available at: <http://www.afr.com/news/the-sharing-economy--where-everything-is-for-sale-20140416-ix49r>

users every month, and has seen \$81 million worth of jobs completed (up from \$10 million in 2015). While these estimates are Australia-wide, Airtasker's largest market is Sydney and so it is likely that a large portion of that income has been earned in NSW.<sup>57</sup>

The success of Airtasker speaks to the wider appeal of outsourcing day-to-day tasks such as gardening and cleaning. Over the past two years a number of new start-ups have formed and rapidly grown.

**UrbanYou** is a service founded in late 2014 in Sydney, which connects people with same day cleaners and gardeners. Users post the task, time and location of the job that needs doing, and cleaners who meet the minimum experience requirements are free to select the job. UrbanYou has been growing at 30% per quarter, and reached \$1 million in jobs completed in May 2016.<sup>58</sup> Other similar platforms have also been established, such as **Whizz** and **Helping**.

### 3.5.2 Professional Services

There has been strong growth among the large players in the professional services collaborative sector. The four major platforms (listed below) have all experienced significant expansion in the number of users and number of jobs completed over the past year.

- **Freelancer**, global outsourcing marketplace, has gained 4.7 million new users globally this year, and 2.2 million new jobs (taking the total to 21.2 million users and 10.2 jobs).<sup>59</sup>
- **Expert360** (Sydney based platform designed to match consultants and clients) now has over 8,000 participating consultants, this is a 78% increase on last year.<sup>60</sup>
- **OzLance** is now operating in Australia and New Zealand. While it has not published data on number of users, has demonstrated growth through its recent expansion into new job categories such as business, legal, engineering and science.<sup>61</sup>
- **HiPages**, a platform designed to connect tradespeople with jobs has grown from 55,000 registered users last year to almost 83,000, representing 50% growth over a year. Similarly, there has been a 38% increase in number of jobs posted on the platform.<sup>62</sup>

## 3.6 Education

Education is an area which had already taken advantage of collaborative economy business models, and as such the largest businesses in this sector were already in operation in 2015. Recently, these businesses have worked to expand their user bases by adding new languages, and combining multiple services such as textbook rentals with tutoring.

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<sup>57</sup> Startup Smart (2016), "Three things UrbanYou did to get its first \$1 million in sales", available at: <http://www.startupsmart.com.au/advice/growth/three-things-urbanyou-did-to-get-its-first-1-million-in-sales/> and Airtasker (2016), "The Airtasker Vision", available at: <https://www.airtasker.com/about/>

<sup>58</sup> Startup Smart (2016), "Three things UrbanYou did to get its first \$1 million in sales", available at: <http://www.startupsmart.com.au/advice/growth/three-things-urbanyou-did-to-get-its-first-1-million-in-sales/>

<sup>59</sup> Freelancer (2016), "Freelancer", available at: <https://www.freelancer.com.au>

<sup>60</sup> Expert360 (2016), "Expert360", available at: <https://expert360.com/about>

<sup>61</sup> Ozlance (2016), "Happy Birthday OzLance!", available at:

<https://ozlance.com.au/blog/post/happy-birthday-ozlance>

<sup>62</sup> HiPages (2016), "HiPages", available at:

<http://www.homeimprovementpages.com.au/> and DAE estimates.

### 3.6.1 Collaborative courses

**Khan academy** has remained a key player in this area, it has been working to expand its content into new languages to allow more users to benefit from the information presented. As of this year Khan Academy has 20,000 videos with educational content in over 5,000 topics. This content has been shared to 7 official websites in other languages including Spanish, French, Turkish and Hindi. On top of this the website has test sites and sites under development for a further 27 languages.<sup>63</sup>

Online learning platform **Coursera** has also grown over the past year, now offering 1,887 online University courses (up from 1,250 in 2015) from 147 partnering Universities across 29 countries including the US, the UK, France, Germany, China and Australia.<sup>64</sup>

**Open2Study**, run by Open Universities Australia allows students to study for free by watching videos online and creating virtual classrooms where students can support and learn from each other. The platform was established in 2013 and has over 78,000 students from all over the world. To date almost 1.5 million courses have been enrolled in across 49 subject areas.<sup>65</sup>

### 3.6.2 Peer to peer platforms

A notable change in this industry has been the integration of multiple services. Textbook sales site Zookal has introduced a video platform for students to share knowledge.

**StudentVIP** is Australia's largest student-focused website, with almost 910,000 members across Australia (an increase of 130,000 over the past year).<sup>66</sup> Sets of listed subject notes have more than doubled in the past year, and there are now almost 5,500 tutors covering over 14,000 subjects available to help students. The platform also allows students to rate University courses, increasing visibility of the quality of a course and helping students to make informed decisions about their education.

Textbook rental platform **Zookal** has extended their business model to include a video platform where students throughout Australia and Asia can learn from students who have previously performed well in subjects. **Jekkle** and **The Campus Bookstore** are similar businesses that sell or rent new and used textbooks to students across Australia.

Peer-to-peer tuition platform **TutorFinder.com.au** has been steadily expanding over the past year, it now has 16,547 tutors registered in Sydney (an increase of 2,055 since last year) for 110 subjects,<sup>67</sup> and 17,277 Melbourne tutors for 114 subjects (an increase of 830).<sup>68</sup> Likewise,

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<sup>63</sup> Khan Academy (2016), "Is Khan Academy available in other languages?", available at: <https://khanacademy.zendesk.com/hc/en-us/articles/226457308-Is-Khan-Academy-available-in-other-languages->

<sup>64</sup> Coursera (2016), "Meet our partners", available at: <https://www.coursera.org/about/partners>

<sup>65</sup> Open Universities Australia (2016), 'Open2Study Community Dashboard', available at: <http://www.open2study.com/community-dashboard>

<sup>66</sup> Student VIP (2016), "StudentVIP", available at: <https://studentvip.com.au/>

<sup>67</sup> Tutor Finder (2016), "Sydney tutors", available at: <http://www.tutorfinder.com.au/region/sydney/> and DAE estimates.

<sup>68</sup> Tutor Finder (2016), "Melbourne tutors", available at <http://www.tutorfinder.com.au/region/melbourne/> and DAE estimates.

**University Tutor** now has 108,510 tutors registered in 8,756 cities around the world, with an extra 300 joining in Sydney in the past year alone.<sup>69</sup>

### 3.7 Other collaborative businesses

There are numerous other smaller collaborative businesses being established in NSW and around the world. Some of these are examined below.

#### 3.7.1 Logistics

Aside from crowd-shipping platforms **MeeMeep** and **Zipments** mentioned in the 2015 report, a number of other platforms are operating in this sector.

**Go People** is a Sydney based peer-to-peer delivery platform established in 2014. The platform is growing rapidly, with over 12,500 registered 'runners' (people who deliver), and a plan to expand across Australia (the platform is already running in a number of Australian cities such as Sydney, Melbourne, Adelaide and Canberra). The system combines GPS, Google Maps, and instant communication to deliver parcels quickly and at a cheaper rate than traditional courier services. Customers post a job on the app where runners bid to complete the work. The platform then selects the most suitable runner who is put in contact with the customer. Instant communication is possible the full length of the transaction, and the runner is only paid after the customer has confirmed they received the package.<sup>70</sup>

**Sherpa** guarantees 2 hour delivery for almost anything in Sydney (and other capital cities around Australia). It acts as a personal courier service. Users use the app to provide a description of what they are seeking, where to get it, and an estimate of the cost. A 'Sherpa' will then run the errand and deliver the goods to the user. Sherpa does not place restrictions on what they will deliver, the idea being they will pick up food, shopping, even car keys left in the wrong place for their users. For those working for the platform full-time, reportedly they can make over \$1,500 a week,<sup>71</sup> while those using the delivery services can get their errands finished more easily. Founded in 2014, Sherpa now has over 1,000 registered 'Sherpas' around Australia.<sup>72</sup>

Similarly, **GetSwift**, now operating in NSW, is another crowdshipping platform developed to lower the costs of transporting goods for companies and individuals.

#### 3.7.2 Utilities

Wi-Fi sharing has been of interest to consumers. Telstra's trial partnership with international Wi-Fi provider Fon, '**Telstra Air**', has been extended until March 2017. Customers can use their own broadband allowance when at a hotspot (even when not at home), and while at home, part of their broadband bandwidth is dedicated to creating a hotspot so others can connect. There are now over 650,000 Telstra Air hotspots across Australia

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<sup>69</sup> University tutor (2016), "University Tutor", available at:

<http://www.universitytutor.com/about>

<sup>70</sup> Go People (2016), "About Go People", available at:

<http://www.gopeople.com.au/about-us/>

<sup>71</sup> News.com.au (2015), "The Sherpa service that will deliver anything and everything in 2 hours", available at: <http://www.news.com.au/lifestyle/real-life/news-life/the-sherpa-service-that-will-deliver-anything-and-everything-in-2-hours/news-story/d18727f0b1fd8fe95e4c2316dee3dd5e>

<sup>72</sup> Sherpa (2016), "Sherpa Blog", available at: <http://blog.sherpa.net.au/about/>

through the partnership.<sup>73</sup> **Fon** has been steadily growing globally, gaining an additional 3 million hotspots across the world over the past year (to a total of 20.3 million Wi-Fi hotspots).<sup>74</sup> This year, Fon expanded its services to include premium networks such as airports, hotels, convention centres, and public spaces.

**One Big Switch**, a discount seeking platform which uses the collective influence of people to negotiate better deals has gained momentum in 2016. While in 2015 the platform had just under 580,000 members, a further 146,000 households have signed up this year taking the total to over 726,000 Australian households.<sup>75</sup> One Big Switch seeks to negotiate better deals for its members across different services including home loan interest rates, electricity services, health insurance, and broadband services. In July, the platform ran a campaign seeking discounted electricity prices and achieved the sign up goal of 40,000 supporters in just one week, evidence of the strong engagement with the platform.<sup>76</sup>

### 3.7.3 Media

Media is one industry which has experienced dramatic change with the rise of the peer-to-peer. While traditionally consumers would receive content, the collaborative economy has enabled users to generate and share their own content, enabling active participation in media services. 61% of surveyed Australians in 2016 engaged with social media on a daily basis (across all age groups), with the same survey finding that the proportion of people who consider social media their primary source of news having doubled over the past year to 18%.<sup>77</sup>

User generated content on various web pages is prevalent. **YouTube** is now the second most visited webpage in Australia (second only to Google as shown in Table 3.1),<sup>78</sup> and websites like **Imgur**, **Facebook**, and **Instagram** are increasingly popular. **Wikipedia** now has over 5.2 million articles in English alone, and averages 10 edits per second and 800 articles added each day.<sup>79</sup>

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<sup>73</sup> Telstra (2016), "Enjoy free Wi-Fi with Telstra Air", available at:

<https://www.telstra.com.au/broadband/telstra-air>

<sup>74</sup> Fon (2016), "Fon", available at: <https://fon.com/>

<sup>75</sup> One Big Switch (2016), "The One Big Switch Mission", available at:

<https://www.onebigswitch.com.au/about-us>

<sup>76</sup> News.com.au (2016), 'Big Energy Switch campaign to help save Aussies on their power bills as some could be hit with an extra \$240 a year', available at:

<http://www.news.com.au/finance/money/costs/big-energy-switch-campaign-to-help-save-aussies-on-their-power-bills-as-some-could-be-hit-with-an-extra-240-a-year/news-story/81e97085194064ad2d8b6f9caaaeac3e>

<sup>77</sup> Deloitte Access Economics (2016), 'Media Consumption Survey 2016'.

<sup>78</sup> Alexa (2016), "Top Sites in Australia", available at:

<http://www.alexa.com/topsites/countries/AU>

<sup>79</sup> Wikipedia (2016), "Wikipedia: Statistics", available at:

<https://en.wikipedia.org/wiki/Wikipedia:Statistics>

Table 3.1: Most visited websites in Australia 2016

Rank	Website	Rank	Website
1	Google.com.au	11	Linkedin.com
2	Youtube.com	12	Commbank.com.au
3	Google.com	13	Abc.net.au
4	Facebook.com	14	Diply.com
5	Ebay.com.au	15	Instagram.com
6	Wikipedia.org	16	News.com.au
7	Live.com	17	Twitter.com
8	Yahoo.com	18	Amazon.com
9	Reddit.com	19	Realestate.com
10	Gumtree.com.au	20	Tumblr.com

Source: Alexa (2016)

### 3.7.4 Equipment and storage facilities rental

The equipment sharing landscape has not changed significantly over the past year. Existing businesses such as **Open Shed** and **Friends with Things** are still in operation in NSW. Similarly, while bike and other sporting equipment sharing platform **Spinlister** is yet to really take off in Australia, internationally it is growing quickly – in April the platform purchased the Netherlands’ largest bike sharing company.<sup>80</sup>

Equipment sharing is also on the rise in the agricultural industry (being an industry reliant on utilising expensive capital equipment). Digital platforms such as **MachineryLink** and **Agrishares** have created a marketplace for listing, discovering, renting or hiring agricultural equipment. However, it has yet to experience significant take up in Australia.

Unlike equipment sharing, the sharing of storage space has emerged as a new collaborative opportunity and there are multiple start-ups competing for market share. Self-storage in Australia is a \$1 billion industry,<sup>81</sup> and many entrepreneurs have seen an opportunity to reduce costs by connecting people seeking storage space and those with extra space through a collaborative platform.

The first of these platforms to launch was **Spacelli** in mid-2015 in Sydney and Melbourne. A number of businesses offer on-demand storage services that drop off boxes, then collect and store them, the Spacelli platform was the first to use a collaborative platform to directly connect people in need of storage space with those in possession of unused space. It has been called the ‘Airbnb of storage’.<sup>82</sup>

<sup>80</sup> Bicycle Trade (2016), “Is peer to Peer Bicycle Sharing the Next Big Bike Shop Disrupter?”, available at: <http://www.bicyclingtrade.com.au/news/trade/is-peer-to-peer-bicycle-sharing-the-next-big-bike-shop-disrupter>

<sup>81</sup> IBISWorld Pty Ltd (2016), “Self-Storage Services in Australia”, IBISWorld Industry Report OD5494.

<sup>82</sup> Domain (2016), “The Airbnb of storage is here: Spacer, Spacelli launch for the space-poor”, available at: <http://www.domain.com.au/news/the-airbnb-of-storage-is-here-spacer-spacelli-launch-for-the-spacepoor-20160311-gnfutv/>



Sydney-based start-up **Spacer** launched in November 2015 offering similar services, encouraging people to list their free space for others to rent, including garage space, parking, storage and commercial space.<sup>83</sup> The platform reached 1,000 listings in its first six months of operation, with a further 4,000 registered users.<sup>84</sup> The average lock-up garage listed in Sydney rents for between \$250 and \$300 per month, which represents an approximate 50% discount on traditional storage space.<sup>85</sup>

A number of similar sites have also been launched, including **Spaceout** and **Storekat**, all vying for market share in this sector.

### 3.7.5 Pet sitting

Peer-to-peer pet sitting service **Mad Paws** recently partnered with pet supplies business PETstock. The partnership allows customers to book pet sitters in PETstock stores around the country, increasing the convenience and reach of the Mad Paws platform. Mad Paws now has over 5,500 verified pet sitters registered and is growing.<sup>86</sup>

**Petcloud** is another nationwide collaborative pet-sitting service. PetCloud was founded in August 2014 and connects pet owners with pet sitters around the country. In addition, owners can find dog walkers and grooming services on the site. Petcloud partnered with the RSPCA in April to provide users with certainty that their pets will be safe. The platform now donates 20% of profits from bookings to the RSPCA.<sup>87</sup>

### 3.7.6 Food and dining

Existing collaborative food platforms are growing in NSW. The big batch cooking platform **Mama Bake** now has over 100 groups registered around the world, 20 of which are in NSW.<sup>88</sup> Similarly, group dining website **Eatwith** is now operating in 200 cities across 50 countries, it has 650 registered hosts who have collectively filled 80,000 seats at their tables.<sup>89</sup>

**Crowd Carnivore** is a crowd funding platform established in early 2016 that brings together individuals to purchase large quantities of meat directly from farmers.<sup>90</sup> The platform bypasses the retail sector, allowing farmers and consumers to interact directly. Crowd Carnivore is currently in operation in NSW and Victoria, but is looking to expand to the rest of Australia. Crowd Carnivore is one of a suite of crowdfunding platforms for group buying established by parent company **Crowd Foundry**. Other

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<sup>83</sup> The Sydney Morning Herald Business Day (2016), "Aussie start-up Spacer.com.au eyes \$4b Asian market", available at: <http://www.smh.com.au/business/innovation/aussie-startup-spacercomau-eyes-4b-asian-market-20160426-qof540.html>

<sup>84</sup> Domain (2016), "The Airbnb of storage is here: Spacer, Spacelli launch for the space-poor", available at: <http://www.domain.com.au/news/the-airbnb-of-storage-is-here-spacer-spacelli-launch-for-the-spacepoor-20160311-qnfutv/>

<sup>85</sup> Spacer (2016), "Spacer", available at: <https://www.spacer.com.au/>

<sup>86</sup> Startup Daily (2016), "Sydney startup Mad Paws announces partnership with pet supplies retailer PETstock", available at: <http://www.startupdaily.net/2016/04/sydney-startup-mad-paws-announces-partnership-pet-supplies-retailer-petstock/>

<sup>87</sup> Brisbane Times (2016), "RSPCA endorses Petcloud, the Airbnb of pet-sitting services", available at: <http://www.brisbanetimes.com.au/queensland/rspca-endorses-petcloud-the-airbnb-of-pet-sitting-services-20160401-qnwesp.html>

<sup>88</sup> MamaBake (2016), "MamaBake Map", available at: <http://mamabake.com/the-mamabake-map-mamabake-groups-around-the-world/>

<sup>89</sup> EatWith (2016), "Who we are", available at: <https://www.eatwith.com/about/>

<sup>90</sup> Crowd Carnivore (2016), 'About', available at: <https://crowdcarnivore.com.au/about/>

platforms under development include **Crowd Cellars** (for wine) and **Farm Cart** (for fresh produce).<sup>91</sup>

The major change in this sector is the emergence and growth of platform-based food delivery services, most notably **Deliveroo**. UK based Deliveroo launched in Australia in November 2015, and since then has enjoyed 400% growth globally, launching in 29 new cities and gaining 9,000 new restaurant partners.<sup>92</sup> Deliveroo contracts cyclists to deliver food from restaurants that do not otherwise offer delivery. Restaurant partners list the option of delivery through Deliveroo, and contact a rider when they receive an order. Similar to Uber drivers, riders provide their own bike, pick and choose how often they work, and are free to hold other jobs as well.

**Foodora** is a competitor offering similar services, although deliveries can be made by cyclists or drivers in cars. Foodora operates in Sydney, Melbourne, and Brisbane and is looking to expand further. It has partnered with over 450 restaurants in Sydney alone, increasing the availability of delivered food for residents.<sup>93</sup>

Similarly, Uber has launched **UberEats** which uses Uber drivers to deliver food. UberEats is discussed in Chapter 4.

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<sup>91</sup> Crowd Foundry (2016), 'Crowd Foundry', available at: <http://crowdfoundry.com.au/>

<sup>92</sup> Australian Financial Review (2015), "Deliveroo to launch in Australia after \$140 million capital raising", available at: <http://www.afr.com/technology/deliveroo-to-launch-in-australia-after-140-million-capital-raising-20151116-gl05na>

<sup>93</sup> Foodora (2016), 'Food delivery from Sydney's best restaurants', available at: <https://www.foodora.com.au/city/sydney>

# 4 New business models and innovation

Previous chapters have examined how the NSW sharing economy has grown in defined sectors over the past year. However, some of the more established collaborative businesses are now beginning to expand their business models into new sectors or new product offerings. This demonstrates that the collaborative economy in NSW is still innovating. At the same time, there are examples of collaborative businesses establishing partnerships with incumbent businesses. This may reflect a desire to increase scale and reach wider markets. This chapter provides an overview of these changes, and further changes that are likely to develop in the future.

**Uber** provides an example of a collaborative business expanding its business model to take on new markets. CEO Travis Kalanick has described it as more than just a taxi company, rather an 'urban logistics framework'<sup>94</sup> which could be used for any number of things. Over the past year Uber has expanded in a number of directions, most notably with the launch of **UberEats** in April. UberEats utilises the existing Uber driver base to act as a food delivery service.

There have also been a number of other innovative developments within the Uber business model, though these have yet to come into effect in Australia. For example, **UberPOOL** allows multiple passengers with similar trips to share one Uber and split the cost. Similarly, Uber is discussing partnerships with transit agencies in a number of US cities to establish a 'first mile, last mile' program, which will see Uber act as a 'feeder option', getting people to and from bus and train stations.<sup>95</sup> In New Zealand, Uber is already trialling working with Auckland Transport to this end.<sup>96</sup>

Similarly, Uber is trialling a **partnership** with car-sharing service Maven to allow drivers to rent vehicles on a weekly basis.<sup>97</sup> Uber only allows car models 10 years old or newer, and the cost of upgrading their own car was locking potential drivers out of the Uber market. The partnership, at this

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<sup>94</sup> The Next Web (2013), "Uber's CEO hints that it could branch out into other on-demand transport and delivery services", available at: <http://thenextweb.com/insider/2013/12/10/uber-will-soon-offer-just-black-cars-demand-company-ceo-travis-kalanick-hints/#!Atu0z>

<sup>95</sup> CityLab (2015), 'Uber and Public Transit Are Trying to Get Along', available at: <http://www.citylab.com/cityfixer/2015/08/uber-and-public-transit-are-trying-to-get-along/400283/>

<sup>96</sup> NZ Herald (2016), 'Auckland Transport turns to Uber for help', available at: [http://www.nzherald.co.nz/transport/news/article.cfm?c\\_id=97&objectid=11714841](http://www.nzherald.co.nz/transport/news/article.cfm?c_id=97&objectid=11714841)

<sup>97</sup> Tech Crunch (2016), "Uber and GM partner to offer drivers car sharing through Maven", available at: <https://techcrunch.com/2016/11/01/uber-and-gm-partner-to-offer-drivers-car-sharing-through-maven/>

stage only running in San Francisco, allows more people to access and work for Uber, and should help to grow the business.

There are also other examples of collaborative businesses partnering with established companies in order to reach new markets and bring collaboration to new sectors, as well as increasing convenience for customers. For instance:

- **eBay and Woolworths/BigW** – eBay introduced the 'Parcel Drop-Off' service, which allows local eBay sellers to drop items at their local Woolworths or BigW where it will be delivered by courier to the buyer rather than having to arrange for it to be shipped personally. Already, an estimated 200,000 shoppers have used the service.<sup>98</sup> This program is an extension of the 'Click and Collect' initiative which allows eBay buyers to collect their parcels from their local Woolworths at their convenience rather than having to wait at home to accept a delivery.
- **Airbnb and Qantas** – in October 2016 these two economic giants partnered to allow Airbnb members to earn Frequent Flyer points when they book accommodation. Customers will now be able to earn 1 point for every dollar they spend with Airbnb, the hope for Airbnb being that this will allow them to better compete with hotel chains that offer Frequent Flyer points.<sup>99</sup>
- **Deliveroo and Qantas** – just days after the Airbnb-Qantas partnership was announced, Deliveroo announced it too was partnering with Qantas to allow members to earn Frequent Flyer points for purchases. This time customers can earn 2 points per dollar spent with Deliveroo, with Qantas wanting to be known for embracing the changes that digital transformation is generating in the economy.<sup>100</sup>

Aside from partnering with Qantas, Airbnb is also considering other ways to expand their business model, and branch out from accommodation provision. **Airbnb for business** is one initiative the company has started, which specifically targets corporates, aiming to expand the user base from predominantly holiday goers to business travellers as well. Properties which meet necessary requirements for business travellers (for instance sufficient amenities and host ratings) are identified with a briefcase icon indicating their suitability for business travel, and companies need simply to create a corporate account to access these properties.

Airbnb has also been talking about partnering with local companies in specific areas so that people staying with Airbnb will be able to find the best local restaurants and activities.<sup>101</sup> These partnerships would most likely be with tourism or transport companies. Many hosts do make recommendations regarding the best places to eat and local attractions to visit for their guests, and some local businesses have organised with local

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<sup>98</sup> eBay Media Centre (2016), "eBay and Woolworths pilot 'Parcel Drop-Off' service", available at: <http://media.ebay.com.au/ebay-and-woolworths-pilot-%E2%80%98parcel-drop-%E2%80%99-service>

<sup>99</sup> Qantas (2016), "Qantas and Airbnb team up to make frequent flyers feel right at home", available at: <http://www.qantasnewsroom.com.au/media-releases/qantas-and-airbnb-team-up-to-make-frequent-flyers-feel-right-at-home/>

<sup>100</sup> Qantas (2016), "Deliveroo hops into Qantas frequent flyer program", available at: <http://www.qantasnewsroom.com.au/media-releases/deliveroo-hops-into-qantas-frequent-flyer-program/>

<sup>101</sup> The Next Web (2014), "Airbnb founder on branching out into other services, promoting the local economy...and THAT orgy", available at: <http://thenextweb.com/insider/2014/03/18/airbnb-co-founder/> and Management Today (2016), "Where next for Airbnb", available at: <http://www.managementtoday.co.uk/next-airbnb/article/1388051>

hosts to be part of these recommendations, however these are largely informal arrangements.

While Airbnb has not officially partnered with local businesses yet, there are many local small businesses popping up around the world to support Airbnb customers. For example, property managers exclusively catering to Airbnb listed properties, and ironing and dry cleaning businesses which provide linen for Airbnb hosts.

Another new development in the collaborative economy is the establishment of platform creating websites such as **Sharetribe** – a start-up which provides software to allow individuals to build their own peer-to-peer platforms. The could see more niche collaborative platforms start up, as it gives individuals the opportunity to create everything from a surfboard rental site to a music tutoring service. Since its launch in 2012, Sharetribe has helped to create 500 platforms globally, and their free software is downloaded an average of 50 times per week.<sup>102</sup>

#### **4.1.1 Blockchain – Collaborative?**

Distributed ledger technology (the most common example of which is 'blockchain') uses cryptographic tools and a distributed consensus process to create a significant innovation in traditional record keeping. This technology keeps multiple, transparent copies of the complete historical record of ledger entries each verified by consensus, and operates using a peer-to-peer network, rather than requiring a specific central organisation.

The peer-to-peer, collaborative feature is what drives the benefits associated with distributed ledgers. Traditionally, systems that have centralised ledgers have required the participation of a trusted third party to maintain a record of transactions between organisations. A distributed ledger overcomes the need for a third party, which can be a significant benefit where there is no clear trusted central organisation, or where the costs of intermediation are high.

The application of this technology to solve "real-world" problems presents opportunities. While it is important to take a step back from the hype, a number of businesses have begun to investigate this technology, including Australia Post, Westpac, Commonwealth Bank, and IBM, and interest is growing.

Most applications so far have been in finance, but the possibilities are lie in broader areas. For example, supply chain tracking and digital identity management are new applications which are beginning to emerge.

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<sup>102</sup> Collaborative Consumption (2015), "Planning on building a peer-to-peer marketplace? An interview with Juho Makkonen", available at: <http://www.collaborativeconsumption.com/2015/12/07/planning-building-peer-peer-marketplace-interview-juho-makkonen/>

# 5 Conclusion

The collaborative economy has changed significantly over the past year, with growth being driven by growth in major businesses in key sectors, increased activity and new entrants in all sectors, and the rise of new business models.

Technological advances have facilitated the development of platforms to more efficiently connect buyers and sellers, lower transaction costs, and allow instantaneous communication and product reviews, increasing the transparency of trade. Greater acceptance of collaborative economy business models by consumers and the government has allowed businesses to take advantage of these advances.

Over the past year, key businesses in the collaborative economy experienced an average growth in revenue of around 68%. This growth was largely being driven by the transport and automotive, and financial services sectors. In particular, the revenue of key collaborative businesses in the financial services sector increased over fourfold. This growth suggests increased interest in the collaborative economy amongst NSW citizens. The rapid growth in transport and accommodation, as well as financial services over the past year has coincided with increasing clarity around the regulatory framework in these sectors. Additional certainty for businesses operating in this sector may have supported participation. Indeed, more people have earned income through a sharing platform in the past year. The key businesses which were profiled reported that the number of users that have earned an income from their platform in NSW increased by 48,000 to 92,400.

While these numbers show a significant increase in activity, it likely underestimates the overall size of collaborative economy activity in NSW. Over the past year, some of the smaller businesses have also experienced growth, and there is evidence of new businesses being established in existing sectors. New businesses such as GoCar and Spare Workspace, and the emergence of a market for peer-to-peer storage space solutions have all contributed to the rise of sharing economy activity.

The success of existing platforms and increased competition has also coincided with collaborative economy businesses looking to new business models. This has included businesses which started off operating in one sector expanding into adjacent sectors, providing new services. Some collaborative businesses have also established partnerships with incumbent businesses with the objective of reaching a wider consumer base.

Collaborative economy activity is more mature in some sectors, and therefore the pace of growth has varied significantly in different sectors. Nonetheless, it has been broad-based. It also seems that there is further room to expand, which likely means that the NSW economy will continue to experience disruption from the collaborative economy businesses in the future.

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# Deloitte.

## Access Economics

### Contact us

#### Deloitte Access Economics

ACN: 149 633 116

Grosvenor Place  
225 George Street  
Sydney NSW 2000

Tel: +61 2 9322 7000  
Fax: +61 2 9322 7001

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