

THE SHARING ECONOMY

UBER AND BEYOND



INTRODUCTION

“Share Economy” a hot topic and creates a mix of old and new municipal regulation concerns.

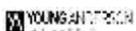
- What is it?
- Challenges in regulating internet activity
- Identifying regulatory objectives
- Enforcement considerations



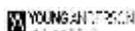
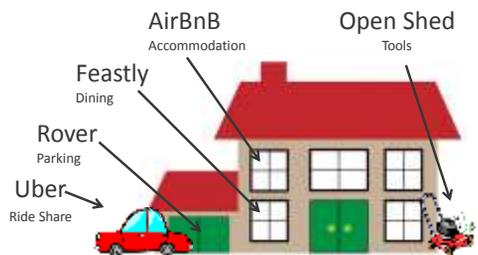
WHAT IS THE SHARE ECONOMY?

“... technology has reduced transaction costs, making sharing assets cheaper and easier than ever... Before the internet, renting a surfboard, a power tool or a parking space from someone else was feasible, but was usually more trouble than it was worth.”

Economist, March 9 2013



WHAT IS THE SHARE ECONOMY?



REGULATING INTERNET BOOKINGS



“My conclusion does not imply any judgment upon the merits of the existing regulatory regime the City administers, nor any conclusion as to what role the City may in the future play in regulating new entrants such as Uber if it so chooses.”

Toronto (City) v. Uber Inc

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IDENTIFYING REGULATORY OBJECTIVES

- Growth of share economy businesses creates winners and losers
- Stakeholders often demand a level “playing field”
- Regulation of share economy business can have multiple objectives. Many regulations relate to quality control, business location and market supply.

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UBER AND RIDE SHARE SERVICES

Notable aspects of Uber:

- Drivers not necessarily full-time (Gig economy)
- Vehicles alternate between commercial & domestic use
- Price per km varies with demand
- Negotiation and payment done through an “app”
- Through membership drivers and riders are “profiled”

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UBER AND RIDE SHARE SERVICES

Quality Control - Taxis can be subject to:

- Driver screening
(Chauffeur Permits – Motor Vehicle Act, s. 36)
- Vehicle Safety Checks (Passenger Transportation Act)
- Insurance
- Metering requirements

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UBER AND RIDE SHARE SERVICES

Location - Taxis can be granted unique rights:

- Taxi Ranks
- Street-side hailing
- Special Lanes
- Exclusive pick-up rights within “home” municipality



UBER AND RIDE SHARE SERVICES

Supply - Taxis can have:

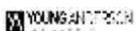
- Fixed number of licences
- Fixed fares per kilometre
- Transportation Board special licences for intra-municipal uses



AirBnB and STVRs

AirBnB and other ‘Short-Term Vacation Rental’ Services:

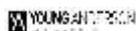
- “Hosts” can rent whole dwelling unit or just a room
- Host usually absent from property during stay
- Residential nature of dwelling typical selling point
- Unit advertised by neighborhood - street address rarely revealed before booking
- Website profiles both hosts and guests



AirBnB and STVRs

Quality Control unlike Hotels...

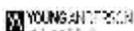
- STVR not necessarily licensed as a business
- STVR not subject to mandatory municipal fire inspections
- STVRs do not have “hotel keeper” on site to who can deal with bothersome guests under the Hotel Keeper’s Act
- STVRs can affect the reputation of a municipality for tourism if poor service is provided



AirBnB and STVRs

Location unlike Hotels...

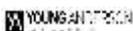
- STVR unit usually adjacent to unit occupied by resident, who may not like transitory guests as neighbours
- STVR unit may be in a location with planned residential amenities and infrastructure



AirBnB and STVRs

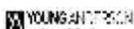
Supply unlike Hotels...

- Supply of STVRs highly variable, as hosts can switch dwelling unit's use between residential use and commercial vacation use
- Supply of residential units available for long term rental likely to go down if commercial demand goes up



ENFORCEMENT

- Regulating and enforcing against host/driver likely more effective than against web-services provider
- MTIs and Bylaw Enforcement Notices may be most appropriate, but not without challenges
- Ability to enforce local laws against global internet-based service providers likely to change—stay tuned



CONCLUSION

- Local Governments can regulate the share economy, and can use many existing tools to do so, including business regulations and zoning bylaws.
- However, most existing bylaws are not directed to the specific challenges of regulating the users, purveyors and suppliers of these businesses.
- The first step in regulating the share economy is identifying specific regulatory goals, and determining how to implement them.

