THE SHARING

ECONOMY

FRAMEWORK

Ontario

CONTENTS

INTRODUCTION

The sharing economy is a developing sector of the economy that has potential to drive economic growth, productivity and innovation. At the same time, the sharing economy has disrupted some industries (e.g., hotels, taxis) at local and international levels by altering the ways individuals obtain or exchange goods and services. As a result of this disruption, consumers may have greater choice and lower costs, and individuals may have opportunities to earn additional income, but this has raised concerns about consumer and worker protection and maintaining a level playing field for businesses.

The Province of Ontario is taking a principles–based approach to the sharing economy having developed an integrated framework to support this emerging sector in the province. This framework is a living document that is intended to support ongoing assessment, research, policy development and action taken by the government, when needed.
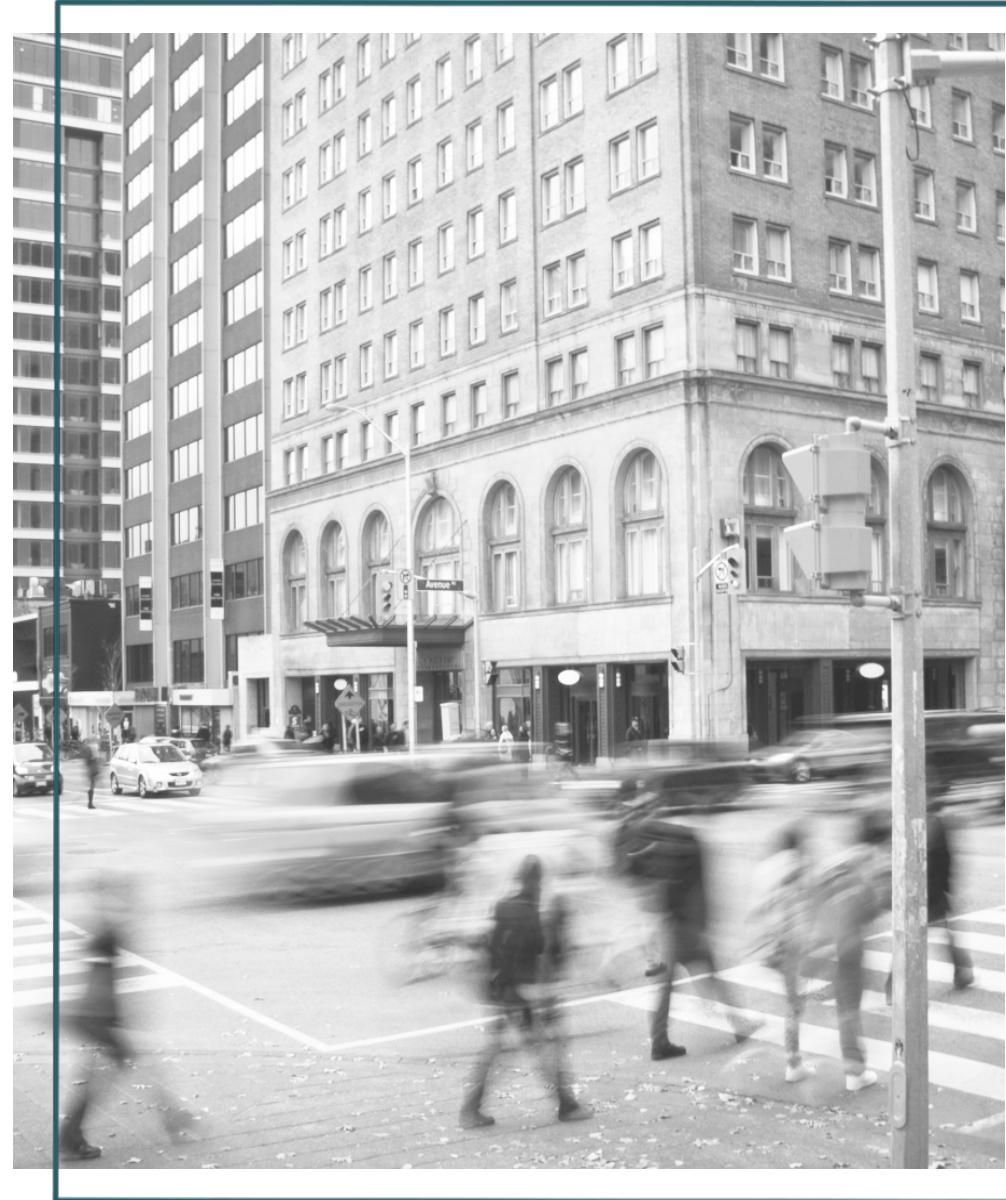
The Home-Sharing Guide for Municipalities is a companion document that supports the framework. Over time, the government may add informational resources as opportunities appear in the evolving sharing economy.

DESCRIBING THE SHARING ECONOMY

 "Sharing economy" is an umbrella term that describes a wide range of economic activities that have been made possible by technology. Two well-known digital platforms have captured markets in transportation (Uber) and short-term accommodations (Airbnb), but sharing economy businesses are emerging in nearly every sector of the economy. In Ontario, there are sharing economy platforms for cars, food, labour, parking spaces, and money-lending. The common element is that they enable individuals to "share" their personal assets or skills. This sharing involves renting personal assets or providing services for a fee through an online application.

Some economic activity, though enabled through technology, the internet and social media networks, does not constitute sharing economy activity because it is primarily commercial, economic activity that is regulated by laws and regulations that protect private and public interests and were in place prior to the emergence of the sharing economy (e.g., Expedia.ca and laws pertaining to travel agents and wholesalers).
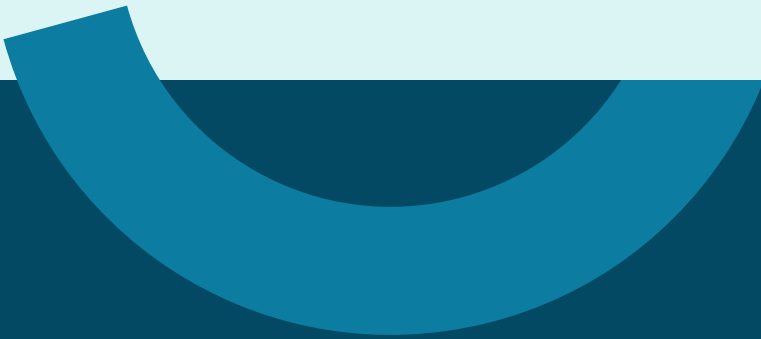
The development of effective policy must differentiate between sharing economy activity and strictly commercial activities which adopt technology and engage in social media networks.

For the purpose of policy development, Ontario has defined the sharing economy as follows:

"The 'sharing economy' refers to people using online platforms to sell or rent underutilized property, goods or services and rating each other's trustworthiness through online reputation systems."

SHARING ECONOMY ACTIVITY:

Ontario's definition is founded on four critical criteria for sharing economy activity:

1

The use of an online platform to facilitate the exchange.

2

Underutilized property or goods are being temporarily exchanged, or services are being offered, for money, not through bartering.

3

Exchanges of property, goods and services are made between individuals

4

Sharing economy platforms incorporate a two-way reputation system where participants are peer-reviewed to rate both the reputation and trustworthiness of the consumer and the quality of the goods and services offered by the producer.

NEED FOR A PROVINCIAL FRAMEWORK

The expansion of the sharing economy over the last five years has garnered significant interest from the public, municipalities, policymakers, academics, and other researchers. New technologies and innovation have resulted in the emergence of new platforms and business models which take advantage of increasing connectedness through social media and other digital technology.

Ontario's framework aims to encourage sharing economy activities (as defined above) while protecting consumers.

SOCIAL AND ECONOMIC BENEFITS OF THE SHARING ECONOMY:

New wealth for Ontarians

Increased consumer satisfaction and benefit

Increased social and economic inclusion

Positive environmental impacts, such as less waste

Flexible income opportunities

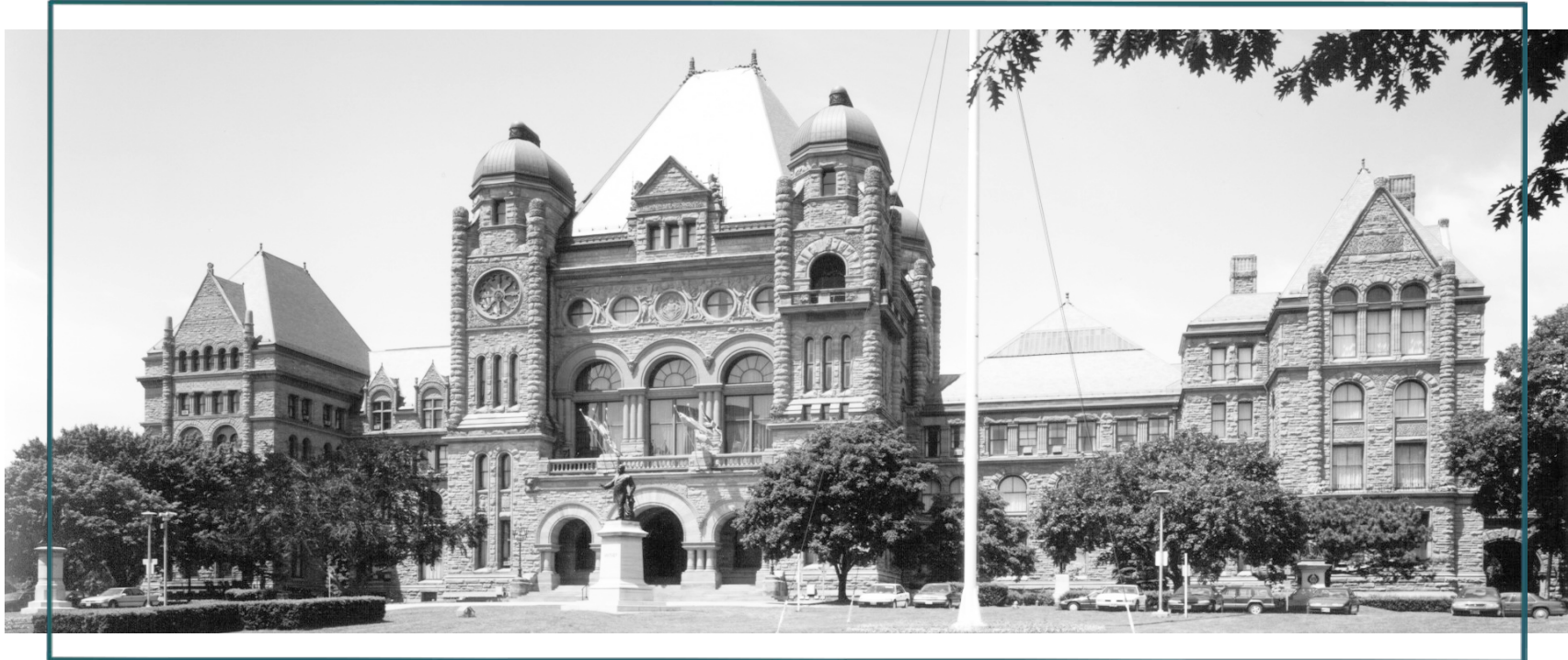**Stimulated competition through new sources of innovation and entrepreneurship**

Lower consumer costs

The central role for government is to develop policies and take actions that effectively realize the social and economic benefits afforded by innovative business models and mitigate the negative consequences of market disruption to the economy, individuals, and the public interest. Given the wide range of sharing economy markets that have emerged (e.g., home-sharing, transportation, etc.), the government's response to the sharing economy will be flexible, have a sector-specific focus and be evidence-based

A provincial response to local sharing economy issues could comprise a range of options including legislative and regulatory changes, and providing guidance and resources to municipalities or other stakeholders. In many cases, municipalities already have the tools they need to protect consumers and communities under their jurisdiction. For example, large cities are moving to regulate home-sharing to protect the availability of affordable, long-term housing, whereas seasonal communities may prefer to have minimal restrictions in order to attract more tourism. In such instances, the provincial response will be to provide guidance, resources or information to municipalities that may request support.

GUIDING PRINCIPLES

The government is coordinating its approach to the sharing economy through the Sharing Economy Advisory Committee (SEAC), an Assistant Deputy Minister-level multi-ministry working group. SEAC is basing its approach to the sharing economy on the following principles:

GUIDING PRINCIPLES OF ONTARIO'S APPROACH TO THE SHARING ECONOMY:

Protect consumers, workers and communities	Promote connected and accessible communities for the needs of all residents	Foster innovation and a more dynamic business environment	Align with overarching government priorities such as tax fairness, creating jobs, growing the economy, helping people in their everyday lives including people with disabilities and fighting climate change	Modernize regulation to reduce the regulatory burden on businesses

THE SHARING ECONOMY PLAN OF ACTION:

The sharing economy is constantly evolving, with new platforms entering the market and established platforms updating their operations to respond to competition, customer preferences and government interventions.

As new markets emerge in the sharing economy, the Government of Ontario will undertake the following:

- **RESEARCH AND CONSULT:** Careful research of sharing economy sectors and consultations with the public and stakeholders, as needed, will form the basis of the government's policy development and action.

- **IDENTIFY OPPORTUNITIES AND GAPS:** The government will identify opportunities to support the development of the sharing economy and address any gaps in regulation.

- **COLLABORATE AND TAKE ACTION:** The government will act on its own on urgent issues of province-wide impact or collaborate with other levels of government, businesses, professional associations and community groups to address gaps in regulation.

- **GATHER DATA AND ASSESS OUTCOMES:** Where the government has taken action to address urgent issues, it will monitor the outcomes of those actions and assess how well it has achieved its goals.

RESEARCH & CONSULT

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The sharing economy is growing at a rapid rate worldwide. According to one analysis, in 2016 there were 24 sharing economy companies worldwide that were each worth a billion dollars, with the size of this billion-dollar cohort almost doubling every year since 2012[1].

Despite this growth, 2016 polling showed that there is limited knowledge of the sharing economy among Ontarians, particularly about the role of government and regulation.

As new platforms and business models emerge and Ontarians learn more about the sharing economy, the government will continue to gather data, conduct research and consult with Ontario residents, consumers, workers, municipalities, new platforms, and established businesses to stay informed on developments in the sharing economy and determine whether and what provincial action is needed.

[1]https://venturebeat.com/2016/02/07/sharing-economys-billion-dollar-club-is-going-strong-but-investor-risk-is-high/

[2] The Transportation Standards Development Committee is responsible for the legislative review of Ontario's Accessible Transportation Standards under the AODA

What We've Done
- Polled and consulted with the public, municipalities and stakeholders to help inform the Sharing Economy Framework.
- Researched and reviewed other jurisdictions' approaches to supporting the sharing economy (for example, fire safety requirements for home-sharing).
- Discussed accessibility issues related to ride-sourcing with the Transportation Standards Development Committee.[2]
- Consulted with the Association of Municipalities of Ontario (AMO) and the City of Toronto to learn about the sharing economy in local communities.
- Met with sharing economy platforms and professional associations, such as hotel and tourism associations, to gather feedback on the impact of sharing economy platforms for traditional businesses and potential opportunities to level the playing field.
- Discussed accessibility issues related to ride-sourcing with the Transportation Standards Development Committee.[2]
- Applied a sharing economy lens to legislative reviews, including the government's review of the Travel Industry Act, 2002.

The government will conduct ongoing research and consult as needed to monitor existing and emerging sectors of the sharing economy (e.g., food sharing) based on the following questions.

THE SHARING ECONOMY RESEARCH QUESTIONS:

Is there a need for the provincial government to take steps to protect consumers, workers and communities in this sector of the sharing economy? Are other levels of government already taking steps to provide this protection? Can the government encourage platforms to foster connected and accessible communities?

Can the government support local sharing economy innovators and is there a role to play in attracting sharing economy businesses to Ontario to foster a more innovative and dynamic business environment?

Are traditional businesses and new entrants in various marketplaces being treated equitably by the government in terms of regulation and taxation? Can the government promote a level playing field and facilitate tax fairness?

Does regulating a particular sector of the sharing economy fall under the jurisdiction of another level of government?

The government can also investigate whether the sharing economy can complement existing public sector services, in particular the provision of transit and the potential opportunities of partnerships between the public/private sectors.

After the government has answered its research questions, it will consider opportunities to support the sharing economy and identify ways to address gaps in knowledge, public policy or regulations, if needed.

IDENTIFY OPPORTUNITIES & GAPS

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Sharing economy platforms enable people to provide services and rent products on-demand through the use of technology. Because people are typically using private assets, the sharing economy blurs the line between personal and commercial activity.

The government will identify opportunities that these changes create, as well as gaps in knowledge, public policy and regulation that may be present in specific sectors of the sharing economy.

POTENTIAL OPPORTUNITIES

A key role for the government is finding efficient and effective mechanisms to safeguard the public interest. This includes identifying opportunities to align with the framework's five guiding principles.

For example, to contribute to consumer and worker protection, the government can provide guidance to municipalities regarding best practices for ensuring building and fire safety when a property is used for home-sharing (e.g., fire inspections, providing emergency information to guests, etc.).

Opportunities to Address Gaps

- Help Ontarians understand their rights and responsibilities within the sharing economy.
- Support small and medium-sized municipalities as they address the sharing economy by providing resources and information.
- Support the creation of sharing economy social enterprises.
- Review the travel rules for the public service and for Cabinet Ministers, Parliamentary Assistants, Opposition Leaders and their respective staff to consider the use of sharing economy service providers for government business.

The government can encourage accessibility by promoting universal design to sharing economy entrepreneurs. Universal design refers to creating environments that can be accessed, understood and used by people of all ages, sizes, abilities or disabilities. It benefits all and promotes similar opportunities for persons with disabilities, seniors, etc., to obtain accessible goods, services and facilities. For example, sharing economy platforms (i.e., online applications, often called "apps") built with universal design in mind would have accessibility features built into them, such as larger fonts, screen readers that allow deaf and blind persons to utilize their phone features and app features through the sharing economy platform.

The sharing economy raises important questions about whether there are better ways to regulate emerging and traditional businesses. As part of its ongoing work to reduce regulatory burden, the government will consider how businesses are regulated and identify opportunities to modernize regulations to reflect an appropriate balance of the five principles guiding the province's framework. For example, the government could conduct research with sharing economy initiatives (e.g., pilots) to collect data and evidence that could help inform policy-making related to the sharing economy.

POTENTIAL GAPS

Research and consultations in Ontario have shown that when sharing economy platforms enter a market, there are some gaps in knowledge about where they fit under current laws and what rights and obligations sharing economy participants have, including obligations around taxation. As the sharing economy grows and expands, there may be opportunities for the government to continue to raise awareness about the sharing economy and educate consumers and workers about their rights and responsibilities as participants in sharing economy activities.

A concern that arises in much of the research about the sharing economy is that platforms do not generally have an employer-employee relationship with people providing services through their platforms. The government will consider whether there are gaps in worker protection mechanisms in emerging sectors of the sharing economy.

Concern has also been raised about a lack of data on sharing economy activities. There may be opportunities for the government to enhance data collection on sharing economy activity, such as home-sharing, to support policy development and public safety, including measures established through Ontario's Building Code and Fire Code.

COLLABORATE
& TAKE ACTION

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WORKING WITH OTHER LEVELS OF GOVERNMENT AND STAKEHOLDERS

Ontario will collaborate with other levels of government to respond to sharing economy issues when necessary. In many cases, municipalities already have the tools they need to address sharing economy sectors under their jurisdiction. Depending on the sector, there may be ways the province can help municipalities by clarifying or updating legislation, or providing provincial guidance or resources. By working with municipalities, the province will promote consistent municipal approaches to the sharing economy, where possible, in areas such as regulations and taxation. Ontario will also work with federal government partners, such as the Canada Revenue Agency, to address issues of shared responsibility.

In addition, the government will work with stakeholders such as business associations, community groups and platforms to take action to protect consumers and workers, foster connected and accessible communities, support innovation and a more dynamic business environment, and promote a level playing field between new and traditional business.

For example, as innovative platforms continue to enter traditional markets, the existing regulations they may need to follow might not be fully understood. The Ontario government can help sharing economy businesses, platform users and regulators understand the rights and obligations of platforms and their users through education and information-sharing.

Partnered with the Canada Revenue Agency and Airbnb to provide educational information about tax obligations directly to Ontarians who engage in home-sharing.

Partnered with the Large Urban Mayors' Caucus of Ontario to develop a guidebook for municipalities to address the sharing economy.

Developed home-sharing guidance for municipalities to help them develop rules for their communities.

Partnered with Ryerson University to co-host three policy research and design events to support the creation of sharing economy-based social enterprises.

Supported City of Toronto staff on the development of options to regulate home-sharing.

ACTION:

Closed the gap in auto insurance coverage, allowing commercial fleet insurance to be offered for ride-sourcing vehicles.

Simplified the accessibility compliance reporting process so that businesses, including emerging sharing economy firms operating in Ontario, can report on their accessibility obligations under the *Accessibility for Ontarians with Disabilities Act, 2005 (AODA)*.

Passed the Fair Workplaces, *Better Jobs Act, 2017* (Bill 148). Bill 148 includes a number of changes to employment standards and labour relations legislation in Ontario that could improve worker protection and promote a level playing field for businesses.
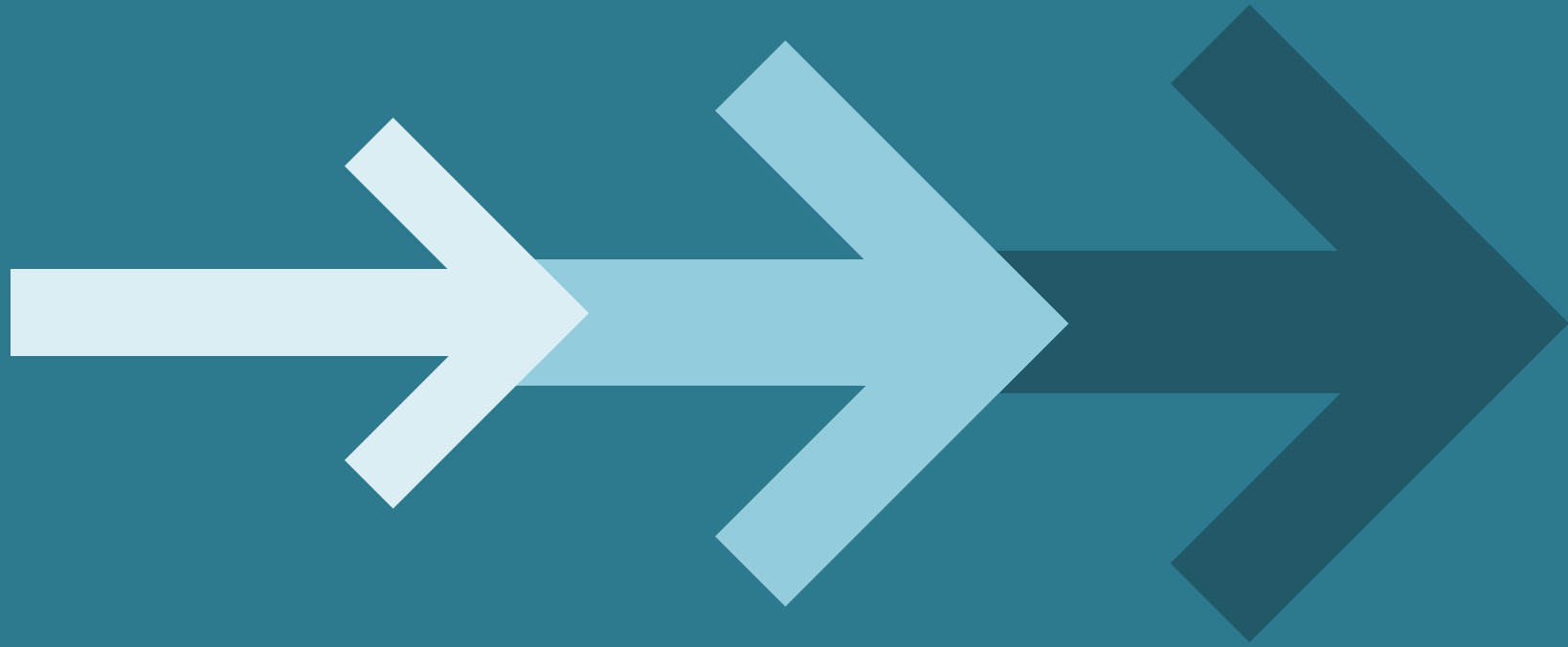
Amended the Residential Tenancies Act, 2006, to strengthen protections for tenants in light of concerns that there has been a recent increase in landlords' misuse of the landlord's own use provisions to evict tenants for various reasons, including converting units to short-term rental accommodations.

Introduced the $3M Improving Library Digital Services fund to help all Ontario public libraries and First Nation public libraries in acquiring resources that will improve Ontarians access to a sharing, knowledge-based economy and society.

Supported the Transportation Standards Development Committee as they reviewed accessibility requirements for ride-sourcing businesses under the accessible Transportation Standards Review.

ASSESS OUTCOMES

ASSESS OUTCOMES

Moving forward, the government will assess the outcomes of the actions it has taken against its guiding principles. The government's approach to individual sectors will remain flexible and will change if necessary to adjust to new developments in the sharing economy.

DATA-GATHERING AND SHARING:

To monitor activity in the sharing economy, the province will consider options for collecting data from platforms and other partners, and will consider data-sharing agreements with municipal partners and the federal government. The province will work with the Information and Privacy Commissioner (IPC) and other appropriate partners to determine consumer data privacy issues along with data collection methods.

WHAT'S NEXT?

As the sharing economy grows and evolves, the government will continue to conduct research and consult with the public and stakeholders, as needed, to understand how consumers, workers, marketplaces and communities are being impacted. The government will identify gaps and opportunities, and will act independently or collaborate with partners, where appropriate. For example:

- The government of Ontario will monitor how auto insurance for ride-sourcing vehicles is functioning and examine opportunities for continued improvement and innovation. In 2016, Ontario closed the gap in auto insurance coverage to allow commercial fleet insurance to be offered for vehicles that can be hired through an online application.

- Ontario will continue to focus on regulatory modernization to reduce burden and find alternative lower cost approaches to meet policy outcomes. Regulatory modernization promotes early consideration of alternative lower cost approaches and quantification of any additional burden that a new requirement adds to the existing cumulative burden facing the affected stakeholder group. The government has passed new legislation with five

specific burden reduction initiatives that ministries will have to undertake when creating regulations or designing programs. Regulatory modernization may support the development of sharing economy platforms and may help level the playing field between traditional businesses and sharing economy platforms.

- The Ontario government will be holding online public consultations in staged phases from 2016 – 2018 to identify opportunities to reduce or eliminate existing red tape through the Red Tape Challenge. Ontario wants to cut unnecessary red tape to save businesses time and money, including sharing economy platforms. The challenge is an integral part of Ontario's Business Growth Initiative.

- The Ontario government is developing a Financial Technology Strategy to support the sector and better understand its intersection with the sharing economy.

- Ontario will negotiate data-sharing agreements with platforms and will work with municipalities to ensure they have the data needed to address local issues. This data will provide a better understanding of the sharing economy in Ontario and will help the government support workers, consumers, businesses and communities according to its sharing economy guiding principles.

- The Ontario government will be providing information about the sharing economy and will continue to consult as needed with the public, municipalities and stakeholders to understand the emerging sharing economy issues faced by consumers, workers and businesses in Ontario. Interested members of the public will be able to contact the government through the sharing economy website.

- The government of Ontario will be working with partners in the condominium sector to share information about the Condominium Act as it relates to home-sharing. Though the Condominium Act does not contain specific provisions related to home sharing, there are many protections available to condo owners in the current act.

- Ontario will be reviewing the travel rules for the public service and for Cabinet Ministers, Parliamentary Assistants, Opposition Leaders and their respective staff. This review will consider the use of the sharing economy services (e.g., home-sharing, ride-sourcing) for government business.

THE SHARING ECONOMY FRAMEWORK