

A caring, sharing economy?

Written by The Conversation

The Federal Opposition have a [discussion paper](#) on the sharing economy. It covers a range of issues: protection of workers, consumer protection, equity and accessibility, taxation and state/federal coordination. So, to help out my former academic colleague,

[Dr Andrew Leigh](#)

, who released the paper, here are some answers!

Platforms such as Uber and Lyft for ride-sharing, Airbnb for accommodation, or DriveMyCar for car rentals are peer-to-peer platforms. They bring buyers and sellers together. They differ from sites like Bookings.com that are essentially reselling third party services. This means there is a different legal relationship. Peer-to-peer sites are publishers – electronic versions of the old ‘yellow pages’ except limited to a small set of products and with much more functionality.

This is good, because the [High Court](#) has already determined that the ‘publishers exemption’ extends to Google. Hopefully it will extend to peer-to-peer sites. This means the sites will not have to vet and verify all the information put up by users. The sites have an incentive to do some checking because that affects their reputation. Indeed, the most successful sites will be those that have more checking and allow accurate customer feedback. But the platforms themselves avoid liability for ‘misleading and deceptive’ conduct by people who use the platform.

The same does not hold for suppliers. If you are a supplier and use a peer-to-peer site to advertise your product, you have to meet the Consumer Laws. If you use Airbnb to advertise your apartment as “luxury” when it shares a bathroom with next door, or if you claim you are a qualified plumber on Freelancer when you are not, then you should be liable. Peer-to-peer platforms are not an excuse for suppliers to lie or exaggerate their services.

The functionality of peer-to-peer platforms can be used to solve the issue of tax avoidance. The platforms should not be required to collect either income or sales tax from users. But they should be required to provide the taxation office with the minimal information needed so that the government can check that peer-to-peer providers are not simply elaborate tax avoidance schemes. So tax file numbers or ABNs should be provided to platforms by suppliers and the platforms should pass these onto the tax office. After all, we will all be worse off if black economy services use peer-to-peer platforms to drive out legitimate tax payers.

Finally, there is a whole range of regulations that should not apply to peer-to-peer services. If I organise a trip using coachsurfing.com, I should not expect hotel standards. There is no reason why coachsurfing suppliers should have to satisfy the strict regulatory requirements that face hotels. Any extra regulations past the standard competition and consumer laws should be kept to a minimum. The onus should be on those calling for more regulation to prove that it is needed. And the government should be sceptical - particularly when the complainants are competitors.

As an example, consider wheelchair accessibility. This is important, not just for people using wheelchairs, but for a range of people with accessibility issues. However, it would not be appropriate to require all suppliers on Airbnb or coachsurfing.com to have wheel chair access. This would simply kill the sites. It may be useful to require that availability of wheelchair access is included in advertisements, but it is not clear that we need a regulation for this. Further, it is likely that the market will solve the problem. There are a lot of people with accessibility issues. If existing peer-to-peer sites do not respond then I suspect that a site dedicated to 'easy access' accommodation will develop. Why? Because when you operate worldwide, this is a great business opportunity.

So before we add extra regulations to peer-to-peer sites, we need to properly understand the costs and benefits, including why the market will not solve the problem for itself.

The standard competition laws, however, should apply to peer-to-peer businesses, just as they apply to every other business in Australia. In particular, if platforms start placing limits on suppliers, for example so that a driver on Uber cannot also be a driver on Lyft, or vice-versa, then the alarm bells should start to chime. Peer-to-peer platforms create huge benefits for consumers by enhancing competition and providing new affordable options. The risk is that, as some platforms grow, they may start to try and limit new competition.

So the approach by either the government or the opposition to the sharing economy should be simple. Treat the sites as sophisticated advertisers, make sure suppliers are aware of their obligations under existing competition and consumer laws, ensure the sites pass on the information we need to stop tax avoidance, and then step back. The government didn't create the sharing economy. But if it over-regulates then it could kill it!

Stephen King does not work for, consult to, own shares in or receive funding from any company or organisation that would benefit from this article, and has no relevant affiliations.

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