

# GOLD VI

**Case-Based Contribution  
to Chapter 8: Prospering**  
*GOLD VI Report on Pathways  
to urban and territorial equality*

## The development of Vienna's approach towards a fair sharing economy

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# The development of Vienna's approach towards a fair sharing economy

## ORGANISATION NAME

UCLG Digital Cities - Bilbao

## CITIES/COUNTRIES IT COVERS

Vienna (Austria)

## CHAPTER

8: Prospering

## SUMMARY

In the last decade, several organisations and business models based on the idea of a “sharing economy” have emerged, and with them, new opportunities and risks. “Sharing economy” initiatives have had a major and fast-growing presence in cities around the world, especially due to their population density that allows a high number of providers and consumers. This localised presence has led the issues created by these platforms to the local agendas of policy-makers, which as of 2021, have not yet found a common approach on how to face them.

**Vienna**, the capital city of Austria, has experienced a sustained growth and is one of the fastest growing cities in Europe. Furthermore, it is considered one of the EU cities with the highest quality of life. Because of this, it has been a breeding ground for “sharing economy”, and has had to respond to the issues created by it.

Especially since the beginning of 2010, some sectors started to become very affected by the “sharing economy” (especially accommodation and mobility/transport). This trend was identified by **Vienna's** public bodies because of annual tourism statistics in 2014, which showed that there were several unreported overnight stays in newly established accommodation platforms. The identification of this issue led the Vienna City Administration to commission a study on the consequences of “sharing economy”, which concluded that there were several potential negative consequences and recommended that policy-makers address those issues.

## The development of Vienna's approach towards a fair sharing economy

In the last decade, several organisations and business models based on the idea of a “sharing economy” have emerged, and with them, new opportunities and risks. “Sharing economy” initiatives have had a major and fast-growing presence in cities around the world, especially due to their population density that allows a high number of providers and consumers. This localised presence has led the issues created by these platforms to the local agendas of policy-makers, which as of 2021, have not yet found a common approach on how to face them. For instance, although some major cities such as **New York** (US), **Paris** (France), **Barcelona** (Spain), **Toronto** (Canada), **Athens** (Greece) and **Seoul** (South Korea) have worked toward creating a common rulebook for the “gig workers”, the issues are different because the platforms have to adapt to specific regulatory frameworks, which usually come from a national governance level.

Generally, local governing authorities have not been able to anticipate the problems that some businesses have caused, which have involved, among others, new (and unclear) employment relationships between sharing economy platforms and service providers in which the employees have lost labour rights, or uneven competition between sharing economy businesses and traditional sectors (tourism, mobility, etc.) due to diffuse barriers in the legal framework in which the new models had to operate, issues related to taxing, consumer law, non-discrimination, etc. Still, the umbrella of “sharing economy” does not only include new businesses but practices such as car sharing, apartment sharing, co-working, etc., which can bring positive effects to citizens, and thus, the difficulty of regulating it.

One of the main negative effects of the “sharing economy” is the “gig economy” which occurs under its framework. The “gig economy” concept implies the existence of a workforce of independent contractors/online platform workers with labour agreements with on-demand companies to provide the services that are offered in “sharing economy” platforms. This labour relation does not frame the workers as employees, which they *de facto* are, and thus, the workforce does not have the same legal rights and benefits that employees enjoy.

**Vienna**, the capital city of Austria, has experienced a sustained growth and is one of the fastest growing cities in Europe. Furthermore, it is considered one of the EU cities with the highest quality of life. Because of this, it has been a breeding ground for “sharing economy”, and has had to respond to the issues created by it, such as protecting the gig workers which have not ceased to grow in the city since digital platforms started to rise.<sup>1</sup>

**Vienna**, like other local governments in Austria, acts as a largely independent administrative body and has means to formulate and implement policies. Since the “sharing economy” issue has been mostly localised in major cities and is a topic that has not been addressed at a national level, Vienna City Administration decided to act on the matter and start communicating with stakeholders to find solutions.

Especially since the beginning of 2010, some sectors started to become very affected by the “sharing economy” (according to Vienna's statement, the accommodation sector with Airbnb, and the mobility/transport sector with Uber and

1. There is not clear information on the growth rates because it largely happens in the informal economy.

the package delivery company Checkrobin). This trend was identified by Vienna's public bodies because of annual tourism statistics in 2014, which showed that there were several unreported overnight stays in newly established accommodation platforms, such as Airbnb. The identification of this issue led the Vienna City Administration to commission a study on the consequences of "sharing economy", which concluded that there were several potential negative consequences and recommended that policy-makers approached those issues.

The Vienna City Administration created a steering committee and working groups involving municipal departments and representatives from different institutions (Vienna Economic Chamber, Vienna Business Agency, Chamber of Labour, Vienna Tourist Board, Federal Finance Ministry, housing and transport associations and the labour union). The results of the working groups were used to create the position paper "Turning the sharing economy into a fair economy in Vienna" in 2016, which identified issues created by "commercial sharing economy" and assessed that the limits to these models should be drawn where the interests of the citizens, consumers and fair competition were affected.

The paper assessed that Vienna welcomed innovation and new ideas, but also assessed that its commitment to fair competition and the principle of "good jobs" would ensure that the same rules were applied to all. It made a specific mention to a strict application of the existing labour framework and to making pleas to the national government in the cases where Vienna did not have enough regulatory powers.

In regards to the principle of "good jobs", Vienna made a clear statement on digital platforms and the conditions that workers operating on them should have. In fact, the issue with some of the existing platforms in regards to the conditions of the "gig workers" that operate in them was present in the public debate. As an example, in May 2015 the trade association for the freight transport industry submitted a statement of facts to the Klagenfurt public prosecutor's office criticizing that the Checkrobin platform would encourage illegal self-employment.

The paper referred to Vienna's economic policy guidelines, which assessed that in addition to fair pay and job security, "good jobs" also comprised factors such as social protection, health protection and family-friendly work arrangements. In regards to unfair competition, it mentioned that competition based on undercutting pay and social security standards was not something trivial; it harmed employees and law-abiding businesses alike. For this reason, Vienna encouraged a firm approach by the federal authorities where pay and social security standards were being undercut, as compliant businesses, employees and the citizens of Vienna all needed to be protected. A specific link between internet-based business models, and a mention to Uber and Airbnb was made, assessing that the existing social model must remain intact, and must adhere to applicable rules and regulations (tax law, compulsory social insurance, etc.).

The paper also established a list of measures that were later executed. These measures included the intensification of control activities, requesting deregulation proposals and a large-scale information campaign. The paper also mentioned the creation of co-operation agreements between platform providers and the City of Vienna.

The results of the approach were varied. On the one hand, it generated tensions with some of the already established businesses, co-operation agreements have not been successful and there have been problems requesting data from some platforms about the activity happening in the city to be able to enforce regulations. On the other hand, information campaigns have made it clearer which framework providers of “sharing” services or products operate in.

The bid for a social dialogue and the necessity of each governance level to act on the issue of the gig economy is one of the interesting factors of the Viennese approach, which involved several stakeholders in order to identify problems and solutions.

It is remarkable that there have been several social dialogue initiatives among EU cities. Social negotiation for establishing a works council by Deliveroo workers in **Cologne** (Germany), a new collective bargain agreement applying to the Logistics Sector in Italy or a collective agreement covering accommodation and food service activities at the national level in Spain are mere examples of social dialogue solutions that did not come free of obstacles, but that experience some degree of success. Negotiations are not always successful, and for example in **California** (US), although a Gig Worker Law was developed, transportation and delivery companies like Uber, Lyft, and DoorDash received permission to keep treating their drivers and delivery people as independent contractors, instead of employees.

The gig economy usually generates issues that the traditional “labour union vs Company” relation cannot solve. Including several actors in the social debate is fundamental to protect workers while not making the digital platforms unusable.

Generally, the solutions that are being applied in different cities for the protection of “gig workers” are related to labour law enforcement, and **Vienna** (Austria) is no different in this regard. Still, the transferability of the Vienna approach can be considered high, not necessarily because of the results of the deliberation, but because of the deliberation process itself, in which several stakeholders were put together to identify what the main problems that affect the city are and make proposals on how they could be solved.

Furthermore, understanding the digital nature of the platforms and the importance of data to assess what the usage of the platforms is becomes fundamental for cities. An example of this is that **Vienna** recognised the issue when identifying inconsistencies in municipal data and platforms-provided data. Data analysis should help to analyse the exact relation between the digital platforms and the workers/users operating on it, and thus could serve to establish a more precise relational frame.

It becomes clear that the “sharing economy” is still growing and that new business and practices will continue to emerge. Setting the framework to act when problematics arise is fundamental, and the approach may serve not only to the nowadays more problematic sectors (accommodation, mobility or transport and delivery) but also to emerging ones (such as bike fitness training or coaching, teaching, or other activities of the gig economy that are not massively articulated in a specific digital platform but that could be in a near future).

# PROSPERING

This paper has been produced as a Case-Based Contribution to the sixth Global Report on Local Democracy and Decentralization (GOLD VI): the flagship publication of the organized constituency of local and regional governments represented in United Cities and Local Governments. The GOLD VI report has been produced in partnership with the Development Planning Unit (University College London), through the programme Knowledge in Action for Urban Equality (KNOW). GOLD VI focuses on how local and regional governments can address the local manifestations of growing inequalities and contribute to create “Pathways to urban and territorial equality”. The GOLD VI report has been produced through a large-scale international co-production process, bringing together over a hundred representatives of local and regional governments, academics and civil society organizations. This paper is an outcome of this process and is part of the *Pathways to Equality Cases Repository*, which collects the over 60 Case-Based Contributions produced as part of the GOLD VI report.

In particular, the present paper has contributed to Chapter 8 on “Prospering”, which focuses on prosperity as a culturally specific and multi-dimensional concept, including income but not only. The chapter explores key drivers of urban inequality reflected in the scarcity of decent work and in social-spatial disparities in the location of different productive activities within cities. The chapter analyses how local and regional governments can increase decent work opportunities, and, drawing on the impacts of COVID-19, how they can mitigate the effects of future pandemics and of climate change on decent work, urban prosperity and inequality.

Supported by:



**Funded by  
the European Union**

This publication was produced with the financial support of the European Union. Its contents are the sole responsibility of UCLG and UCL and do not necessarily reflect the views of the European Union.



**Diputació  
Barcelona**

This document was produced with the financial support of the Barcelona Provincial Council. Its contents are the sole responsibility of UCLG and UCL and do not necessarily reflect the views of the Barcelona Provincial Council.



**Sweden  
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This document has been financed by the Swedish International Development Cooperation Agency, Sida. Sida does not necessarily share the views expressed in this material. Responsibility for its content rests entirely with the authors.



**UK Research  
and Innovation**

This document was produced by UCLG and the “Knowledge in Action for Urban Equality” (KNOW) programme. KNOW is funded by UKRI through the Global Challenges Research Fund GROW Call, and led by The Bartlett Development Planning Unit, UCL. Grant Ref: ES/P011225/1