

The Taxicabs of Sydney: Co-operation and Markets Collide

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This preliminary study begins to examine the current day relevance of co-operatives in the taxi-cab industry in Sydney, Australia. Historical factors, within the context of an increasing globalized economy, have seen economic concerns dominate over social, community & public interests. Consequently, conflictual and inequitable industry group stakeholder group relations and representation have increasingly been reported. Inconsistent government policy further complicates the industry with its attempts to reconcile economic rationalist policies and their social costs. It is thought that the dominance of the economic amongst such complexity is responsible for the decline of the co-operative and its (perceived) relevance and effectiveness in today's economic climate. Such a picture warrants concern as it is argued, looking at theories on social structures and moral agency, that the co-operative structure can be more equipped, due to the forms of social association they promote, in addressing and reconciling the economic and the social.

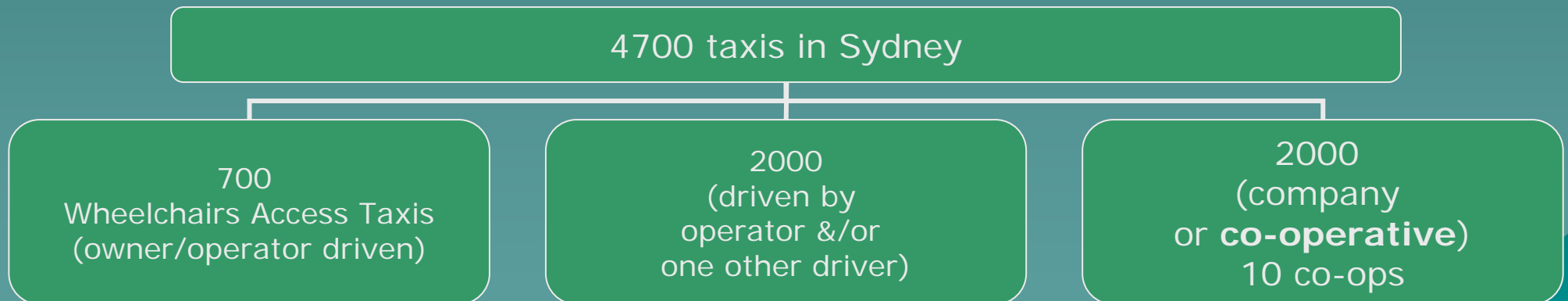
Methodology

- ◆ Preliminary investigation
 - Literature review
 - Various inquiries/reports into industry (Government & non-Government)
 - Key informant interviews (1 involved in Taxi Industry Association/taxi council/ceo Cabcharge/taxi co-op, 1 involved in NSW Taxi Drivers Association & 1 owner/operator)
 - Personal communications with drivers
 - Observational research

Size of Taxi Industry in Sydney

(industry data fragmented/difficult/inaccurate)

4700 Sydney Taxis provide approximately 60 million trips per year to passengers



3 tiers within the Taxi industry

- ◆ Licensed Taxi operators (licenses issued by Government)
- ◆ Booking service (groups of operators in a company or co-operative). Three largest groups in Sydney include one co-operative, one company and one publicly listed company
- ◆ Drivers (either as taxi operator/owners or contractors or 'bailee drivers,' who hire cabs from operator/owners)

Current Industry Bodies

- ◆ Taxi Industry Association: Industrial relations arm. Represents owners and regulates relations between owners and bailee drivers.
- ◆ Taxi Council Ltd: Represents groups (co-ops and companies) in the day to day affairs relating to regulation.
- ◆ Country Association: Recognises significant differences in issues between country and metropolitan cabs.
- ◆ Transport Workers Union (TWU): “Representing drivers” in industrial relations. Some drivers dispute their effectiveness and integrity.
- ◆ NSW Taxi Drivers Association: Advocates for drivers rights and conditions (formed largely as a result of some drivers seeing the TWU as ineffective).

Historical beginnings

- ◆ European settlement over 200 years ago brought the institutions and aspirations of 'home' (Great Britain)
- ◆ These included middle class notions of charity and a lower class tradition of mutual associations/friendly societies and democracy

(Lyons, 2000)

20th century developments

- ◆ 1920s & 1930s: first attempt/movement to articulate a theory of social formation based on associations and the like.
- ◆ 1930s: First taxi licenses issued –
Legislation didn't allow individuals to run a taxi communication network so taxi operators banded together and formed co-operatives.

Co-ops Dominate Early Taxi Industry Days

- ◆ After WWII the formation of powerful ex-service groups who had social and employment needs
- ◆ Legislation was created to allow taxi industry employment to returned servicemen and the Co-operative membership was the preferred structure here
- ◆ So from the 1930s until a couple of decades after WWII co-operatives dominated the taxi industry.

Significant Areas Affecting Industry Developments

- ◆ Corporate led globalization
 - 1980s and 1990s: economic relations became more globalised
- ◆ Increasing economic rationalist mindset of Government
 - Within this climate legislation and regulation saw previously restricted taxi licenses become unrestricted, for example:
 - ◆ Requirement of owners to drive was lifted
 - ◆ Multiple ownership of licenses was allowed
- ◆ Technological advancements within taxi industry
 - communication networks, computer dispatch systems, credit systems, insurance plans, Global Positioning Systems

Economics became the dominant & driving force

- ◆ These conditions allowed for the growth of the company within the industry (eg Cabcharge) at the expense of co-ops
 - Technological advancements and the desire for growth, perhaps for growths sake, in an increasing globalised economy, has seen capitalization a dominant priority within the taxi industry
 - This impacted on the role and place of co-ops within the industry as co-ops were seen as ineffective in being able to raise the required capital needed
 - Co-ops began to fold, amalgamate or demutualize, some selling off their bureau/communication services to use larger company ones in order to cut costs and compete more effectively in this new climate

Relevance of Co-op in this new Economic Climate

- ◆ Co-ops spoken of only in economic contexts.
 - Qualitative data reveals that historically they seemed to have “worked” well and provided some social benefits for members
 - Today the only benefits were seen in terms of keeping certain industry costs down (eg. communication network fees) but largely seen as redundant
 - The large co-op in the industry seen as another large company (no distinct benefits seen)
- ◆ Governance/ownership structure concerns
 - co-ops seen here as being obstructive to effective business decision making due to inexperienced members being able to become directors and member who can “block good business decisions”
- ◆ Reflection of how people within the taxi industry predominately see the industry – ie a (big) business where economic concerns dominate
 - At what cost? – social, community, public interest

“ Look the idea of co-operatives was a great idea but it’s antique in today’s world. You can’t have a business being decided from the floor of a general meeting.....I believe they’re redundant. I believe it was the epitome of socialism when it started, it was a great idea, fishing co-ops and all that but people today are, they’re not interested in anything else, well perhaps the whole things changed where it’s got to be run as a business and if that manager or director is no good we expect you to get rid of him, we want to see our share go up, we want to see the business prosper and there’s no room for them (co-ops) today.”

(key informant – executive on industry body)

Concern and Complexity mount in this new climate of the Economic

- ◆ Quality of service concerns
 - Entry and quality regulation introduced and continually reviewed and reintroduced
 - Where the buck (\$) stops / costs of regulation too high and impeding industry / who pays? – drivers? public?
- ◆ Drivers conditions & representation
 - A lot of costs are argued to be passed on to the driver (minimal wage disputes)
 - TWU seen as redundant and acting in cahoots with industry executive and industry relevant politicians
 - Industry executive seen as corrupt by some for looking after company interests and feathering their own nests.
 - NSW Taxi Drivers Association argues for lack of accountability and transparency within industry (industry data fragmented/difficult/inaccurate)
- ◆ De-regulation threatens service quality and delivery
 - Economic rationalist policies pressured on industry
 - All groups within industry united to fight this de-regulation
 - De-regulation demonstrated not to work elsewhere (eg. Northern Territory, USA, Canada, New Zealand) due to the social costs to the public. Some have re-regulated through newly created bodies

In Sum, Two Main Concerns within Taxi Industry

- ◆ Dominance of the economic over social, community and public interests (self-interest over others)
- ◆ Questions of representation and decision making within industry (question of democracy)

Moral agency lacking/absent? therefore must look at structures that can re-establish/promote moral agency: Co-op?

Moral Agency (MacIntyre, 1999)

- ◆ A moral agent is to be justifiably held responsible
- ◆ This denotes responsible deliberation which requires that on occasion one puts established standards in question (eg dominance of the economic), whatever verdict about them one may arrive at in the end.

Social Structures & Moral Agency

- ◆ MacIntyre (1999) asserts that certain conditions be present for the exercise of powers of moral agency
 - understand oneself independent of their “role”
 - Confidence in justifying rational judgements
 - relationships and millieus which promote critical discourse/reflection (can promote the above)
- ◆ What social/organisational structures are there that may promote moral agency? Co-ops?

Co-operative: best Organisation Structure to Address Industry Concerns via the promotion of Moral Agency?

- ◆ Co-ops are considered by many as providing social and democratic structures distinct from private companies who interests are solely economic and often lay outside the industry
 - both social and economic concerns can be critically addressed harnessing moral agency
- ◆ But a co-op structure doesn't guarantee success in this regard
 - As largest co-op in industry seen as just another company – directors must be committed to co-op principles and members and public education on the distinct advantages that co-op can provide

Challenges

- ◆ Co-op still have a presence within the taxi industry but their scope and influence may be declining
- ◆ Hard to develop co-ops in a climate of economic rationalism
- ◆ Members (and public) are not aware or lack education on the benefits of co-ops
- ◆ Directors of existing large co-op may not have a co-op mindset and the principles co-ops can represent (more research needed on this co-op)