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Australian Taxi Industry Association

Demographic Analysis of the
Australian Taxi Industry

August 2011





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Inherent Limitations

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KPMG have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report.

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The forecasts that have been used in this study are based on assumptions about circumstances and events that have not yet transpired and are therefore subject to variations that may arise as a result of future occurrences. As a result, we cannot provide any assurance that these forecasts will be achieved.

Any such forecasts should not be regarded as a representation or warranty by or on behalf of KPMG or any other person that such forecasts or their underlying assumptions will be met. Opinions offered constitute our judgement and are subject to change without notice, as are statements about market trends, which are based on market conditions.



Foreword

There have been significant changes in the Australian taxi industry over the last five years. The most 'public' of these changes has been the dramatic increase in the number of mostly part time drivers drawn from a rising international student population. This especially applies to Indian students.

Taxi driving has always been a favoured business opportunity for new migrants; it offers a more or less immediate way of securing an assured income. As Australia moved into the business of delivering education services to international students so increased the population of taxi drivers.

The ATIA estimates that there are around 66,000 taxi drivers in Australia. Some work full time, some part time and others merely on an ad hoc basis. This supply base has been important in managing taxi services in capital cities through the 2000s. Or at least this was the case until a series of events and policy shifts dramatically reduced the pool of students available to drive taxis. Interestingly before the demise of the student pool there was a spike.

In the last quarter of 2008 during the GFC the Australian dollar dropped against the US dollar (to around 65 cents) which allowed and indeed encouraged international students to surge into Australian courses. The early part of 2009 was a record era in terms of inflowing migrants and students; the pool from which taxi drivers is typically drawn was brimming. However by late 2009 a debate surfaced in Australia around 'Big Australia' which coincided with a number of security issues relating to Indian students (especially in Melbourne). The policy response in Canberra was to scale back immigration and to tighten regulation regarding international students. Student numbers dropped in 2010 and have continued to drop ever since.

The pool from which the taxi industry typically draws drivers has shrunk. The good news is that the policy shifts that contracted immigration rates appear to have been stopped and/or at least stabilized in mid 2011. Immigration assumptions attached to the 2011 Budget show immigration levels recovering in 2012 and 2013. However the changes to the regulations regarding students in some courses getting access to citizenship have not altered. And there is still a negative perception by the Indian community to studying in Australia. In this regard it is likely that there will be a rising pool of new migrants in the short term. However this recovery will not reach the level or the composition of the migrant (or potential driver) pool that prevailed in 2009.

The taxi industry must look at new ways of securing a driver pool for the future. Part will come from migrants but part must also come from a better engagement with the domestic population. Taxi driving is widely regarded as a stepping stone to a better and more secure vocation; this perception needs to be turned around so that there is a greater pool of drivers who see this as a more permanent occupation.

There is also the scope for the ATIA in particular to lobby the Federal Government to amend current temporary visas, such as the student visa, by increasing the number of hours that students are permitted to work. This would create greater flexibility in study/work balance for students.

The point needs to be made to governments at all levels that the taxi industry is a vital part of the public transportation network in all major cities. A steady and available pool of drivers is therefore a critical element in the smooth and productive operation of Australian cities. It is in this nation's interests to ensure that human resource issues associated with the taxi industry are appropriately managed.

Bernard Salt

KPMG Partner

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Executive summary

The following is a list of the most salient points arising from this study.

- 1** In Australia growth in the number of taxis has been similar to population growth over the last six years to 2010. Australia currently has some 1,160 persons per taxi, which has dropped from 1,205 persons per taxi recorded in 2004.
- 2** Driver numbers are recorded by the ATIA and the Australian Bureau of Statistics (ABS) but these datasets are not comparable. In 2006 the ABS recorded 25,000 drivers whereas the ATIA recorded 61,000. The inconsistency can be explained because the Census does not record the number of drivers in the industry that drive minimal hours, such as students, or drivers who do not define taxi driving as their principal job.
- 3** It is estimated that 2 out of every 3 taxi drivers are born overseas, thereby taxi drivers are sourced from a pool of new migrants. A winding back in the number of migrants and overseas students arriving in Australia is creating challenges for the taxi industry.
- 4** Australia's net overseas migration decreased from 300,000 in year ending June 2009 to 216,000 in year ending June 2010 (-28%). As forecast by Treasury (the Australian Federal Budget) net overseas migration levels are forecast to track at an average of 180,000 from 2012 onwards.
- 5** In 2009 the Chinese were the dominant Asian born ethnic group in Australia; representing 25% of persons born overseas. However the fastest growing Asian ethnic group in the year to June 2009 were the Indians, increasing by 44,000 or 25%.
- 6** International student enrolments in Australia have been steadily increasing since 2004. Total enrolments peaked at 427,293 over the 12 months to March 2010. The international student market has suddenly slowed and during March 2011 it declined by 37,692 to reach 389,601.
- 7** The largest decline in international student enrolments has been in students from India. Indian student enrolments were the highest of any nationality and increased by 19,132 over the 12 months to June 2009. However by 2010-11 Indian student enrolments declined by 22,000. This is not only attributable to migration policy shifts but also to other factors, such as the negative media surrounding Indian student safety in Australia and the rising Australian dollar.
- 8** The rising Australian dollar makes Australia a more expensive place to study for international students. Course costs and the cost of living rise and students are 'priced' out of the Australian market.
- 9** The traditional taxi driver supply pool is shrinking and this is creating challenges for the taxi industry to meet the demand for taxi drivers.
- 10** The reduction in immigration numbers supply encourages the taxi industry to broaden the taxi driver pool by not relying so heavily on new migrants. In the medium to long term a broadening of the pool may improve taxi driver supply because the industry would be less dependent on migration trends over which they have no control.

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Background & approach

Background

Australian Taxi Industry Association (ATIA) is the national body that was formed by State and Territory based taxi associations to represent the Australian taxi industry on national issues.

Purpose of the study

ATIA engaged KPMG to undertake a socio-economic demographic analysis of the taxi driver population in Australia to help tackle the difficulty the industry is facing in meeting the demand for taxi drivers across Australia.

Approach taken

The steps taken to complete this study include:

- Analyse trends in the taxi driver population in Australia by state. This included an analysis of the size of the taxi driver population over time.
- Analyse the historic, current and projected demographic landscape of Australia. This included analysis of the components of population growth in Australia. Population growth is driven by natural increase and net overseas migration.
- Analyse Australia's historic and current population by country of birth.
- Profile the ethnic makeup of the taxi driver industry. Provide insight into why the taxi driver supply pool is shrinking.
- Quantify changes in net migration and international student enrolments and comment on the impact these changes are having on the taxi industry.
- Conduct a one-hour interview with Karen Waller (Executive Director in KPMG's Migration Practice) to canvass options/steps for influencing the future supply of taxi drivers for the Australian taxi industry.
- Provide recommendations for the Australian taxi industry.
- Consider the future outlook for the industry in relation to the supply of taxi drivers.
- Present our findings at the 2011 Australian Taxi Conference.

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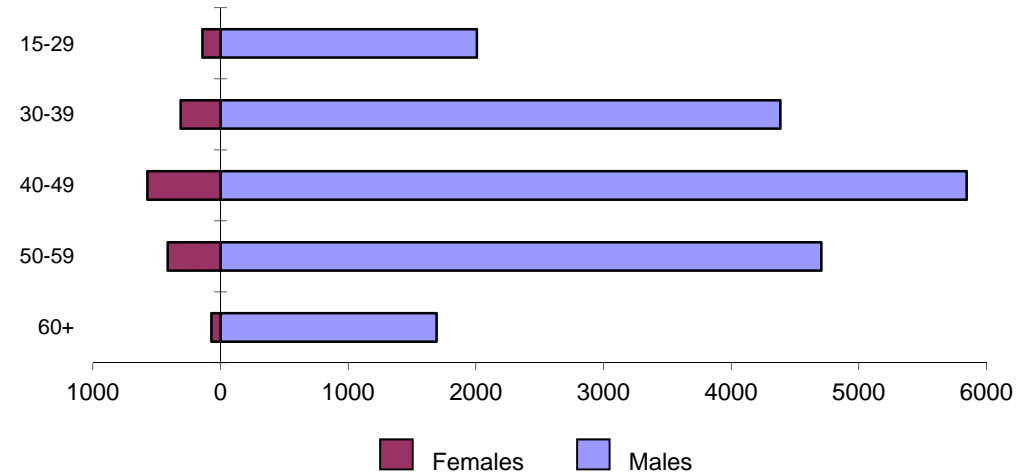
Taxi drivers in Australia

1996 Census

- According to the Census there were 20,147 taxi drivers in 1996.
- A majority of the drivers were male (92%) in 1996.
- Drivers 40-45 years were the dominant age bracket in 1996 representing 32% of all drivers.
- The Census data significantly underestimates the total number of taxi drivers because it only captures drivers that select taxi driving as their principal occupation (this is explained in more detail on page 14) and thereby excludes drivers that do not consider taxi driving as their principal occupation (i.e. part-time drivers, students).
- Despite underestimating the size of the industry the Census does provide insight into the age profile and ethnic profile of taxi drivers.



Age & Sex of drivers, 1996

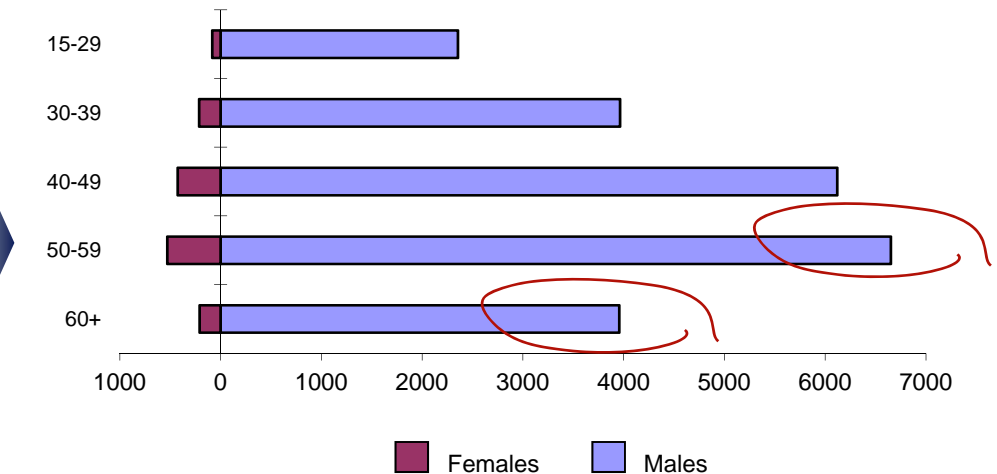


2006 Census

- The 2006 Census recorded 24,505 taxi drivers.
- According to Census data there was a 22% increase in the number of taxi drivers over the 10 years to 2006, this translates to an average growth rate of 2.0% per annum.
- The age profile of taxi drivers matured over the 10 years to 2006. In 2006 almost a third of total drivers were aged 50 to 59 years.



Age & Sex of drivers, 2006



Top 10 country of birth of taxi drivers, 1996			
Rank	Country of birth	Total	
		No.	%
1.	Australia	11,214	56%
2.	United Kingdom	1,305	7%
3.	Greece	822	4%
4.	Lebanon	822	4%
5.	New Zealand	462	2%
6.	Italy	342	2%
7.	China	332	2%
8.	Pakistan	309	2%
9.	India	308	2%
10.	Turkey	287	1%
11.	Iran	233	1%
12.	Poland	231	1%
13.	Germany	216	1%
14.	Indonesia	210	1%
15.	Egypt	168	1%
16.	Fiji	151	1%
17.	Netherlands	135	1%
18.	Viet Nam	133	1%
19.	Former Yugoslavia	113	1%
20.	Afghanistan	94	0%
	Born elsewhere	2,067	10%
	Total OS born	8,737	44%
	Total	19,951	100%

Top 10 country of birth of taxi drivers, 2006			
Rank	Country of birth	Total	
		No.	%
1.	Australia	9,122	38%
2.	India	2,139	9%
3.	China	1,223	5%
4.	Lebanon	1,166	5%
5.	United Kingdom	1,011	4%
6.	Pakistan	885	4%
7.	Greece	503	2%
8.	Bangladesh	498	2%
9.	New Zealand	464	2%
10.	Turkey	406	2%
11.	Afghanistan	388	2%
12.	Iran	355	1%
13.	Indonesia	310	1%
14.	Iraq	305	1%
15.	Viet Nam	305	1%
16.	Somalia	264	1%
17.	Ethiopia	230	1%
18.	Poland	201	1%
19.	Germany	195	1%
20.	Egypt	195	1%
	Born elsewhere	3,625	15%
	Total OS born	14,668	62%
	Total	23,790	100%

1996

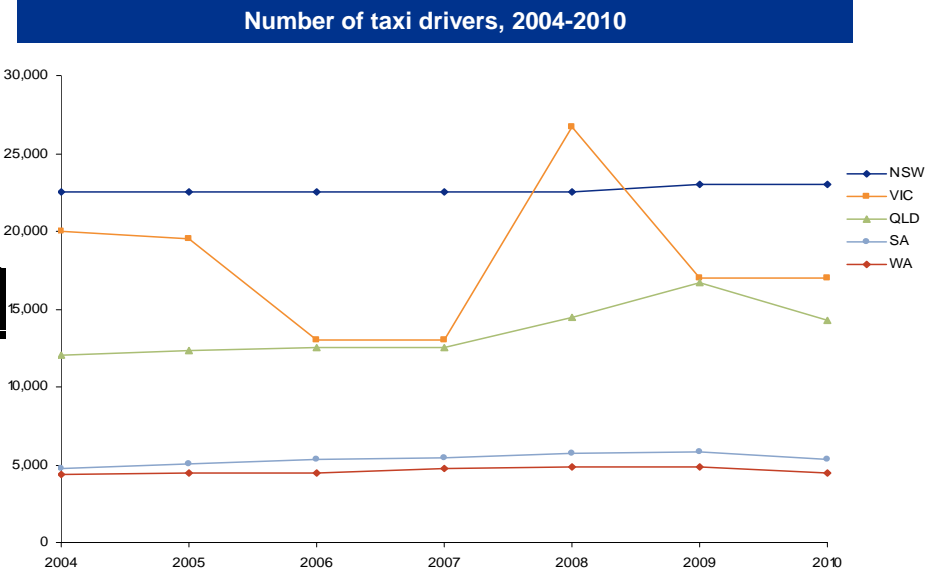
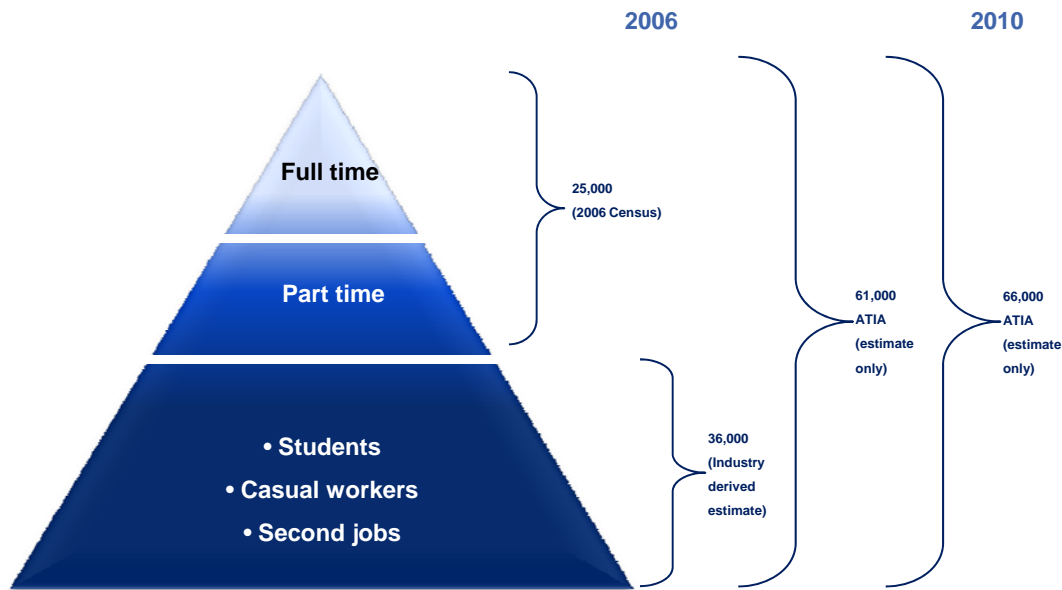
- In 1996 56% of taxi drivers were born in Australia, thereby almost half were born overseas.
- In 1996, overseas drivers were born in the UK (7%), Greece (4%) and Lebanon (4%).

2006

- The proportion of Australian born taxi drivers dropped from 56% to 38% by 2006.
- In other words, in 2006 there were 18% more overseas born taxi drivers compared with 1996.
- The ethnic profile of taxi drivers over the 10 years also changed with a move away from UK and Greek backgrounds towards Indian and Chinese.

2011

- It is estimated that 2 out of every 3 drivers are born overseas.
- Taxi drivers are sourced from a pool of migrants. A winding back in the number of migrants and overseas students arriving in Australia has created challenges for the taxi industry.



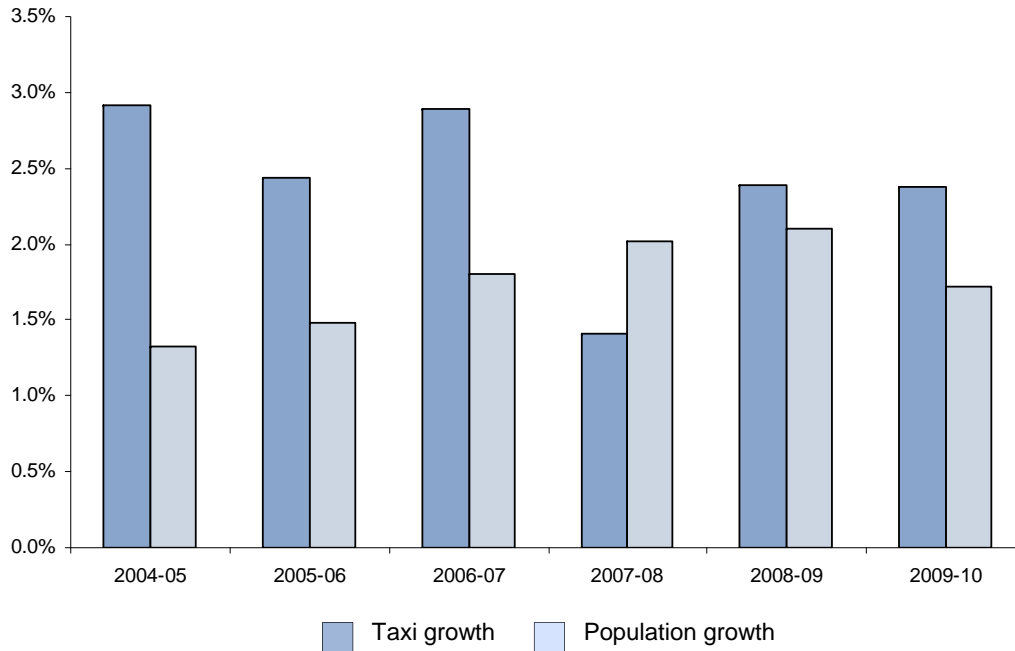
Taxi drivers in Australia, 2006 to 2010

- More than half of the taxi drivers were not recorded on Census night. The Census records a person's principal occupation and therefore does not capture drivers who are students or drivers who work in another profession.
- There is a 36,132 person difference in the number of drivers recorded as at the 2006 Census and the number estimated by the ATIA. This difference may be explained by the number of drivers in the industry that work minimal hours for reasons such as visa restrictions (students). ATIA figures count active drivers, which are defined as anyone who holds a State Government valid license or authority to drive a taxi whereas the Census may not capture this pool of drivers.
- According to the ATIA dataset there was an 8% increase in the number of taxi drivers over the 4 years to 2010 and this translates to an average growth rate of 2.0% per annum.

Taxi drivers by state, 2004 – 2010

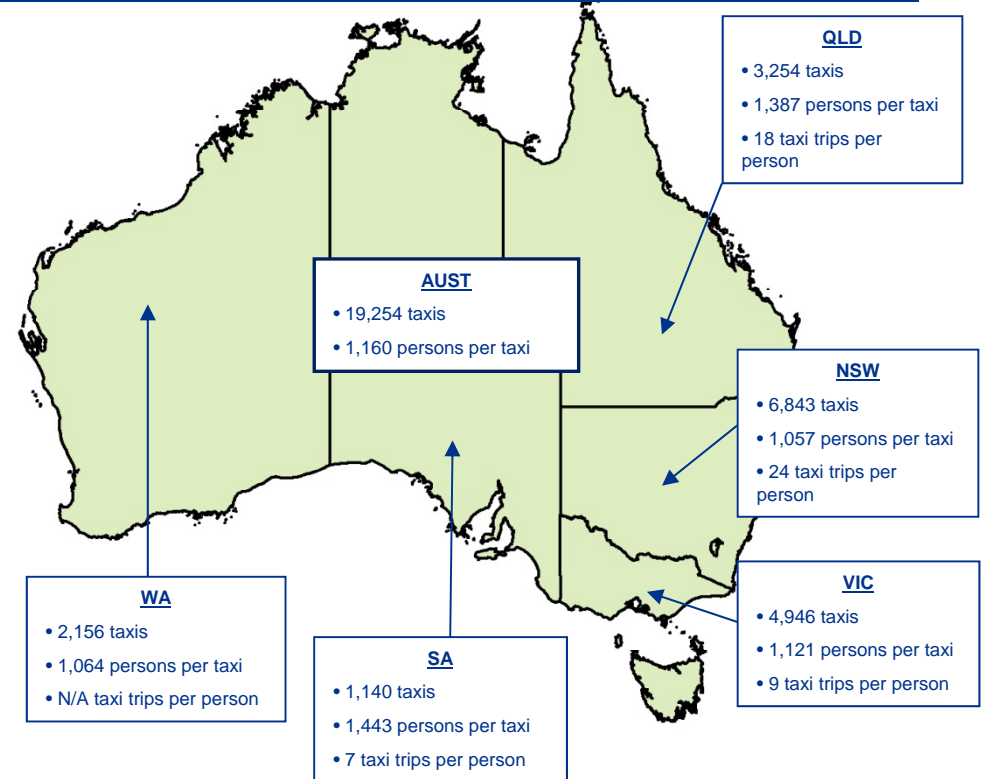
- Each state is unique in terms of recent history of taxi driver population. Taxi driver numbers are influenced by changes in the state driver licences regulations.
- State driver licence requirement examples:
 - QLD: November 2009: Regulation was changed so that applicants were required to have an Australian Driver Licence for at least 12 months before applying for driver authorisation (DA).
 - VIC: Mid 2010: Regulation was changed so that applicants were required to have a full Victorian Driver Licence which had been held for a minimum of 12 months.
- Victoria experienced a peak in driver numbers in 2008 increasing by double to 26,696 drivers. This could be attributed to the high intake of international students in that year and the drop in the Australian dollar which made it more affordable for overseas students to undertake study in Australia.

Percentage growth in the number of taxis and population in Australia 2005-10



- Population and taxi growth rates have broadly been similar over the last 6 years.
- The number of taxis has increased from 16,700 to 19,254 indicating a growth of approximately 15% over six years. Population has increased by 11%.
- Australia currently has some 1,160 persons per taxi, which has dropped from 1,205 persons per taxi in 2004.

Australian taxi landscape, 2010

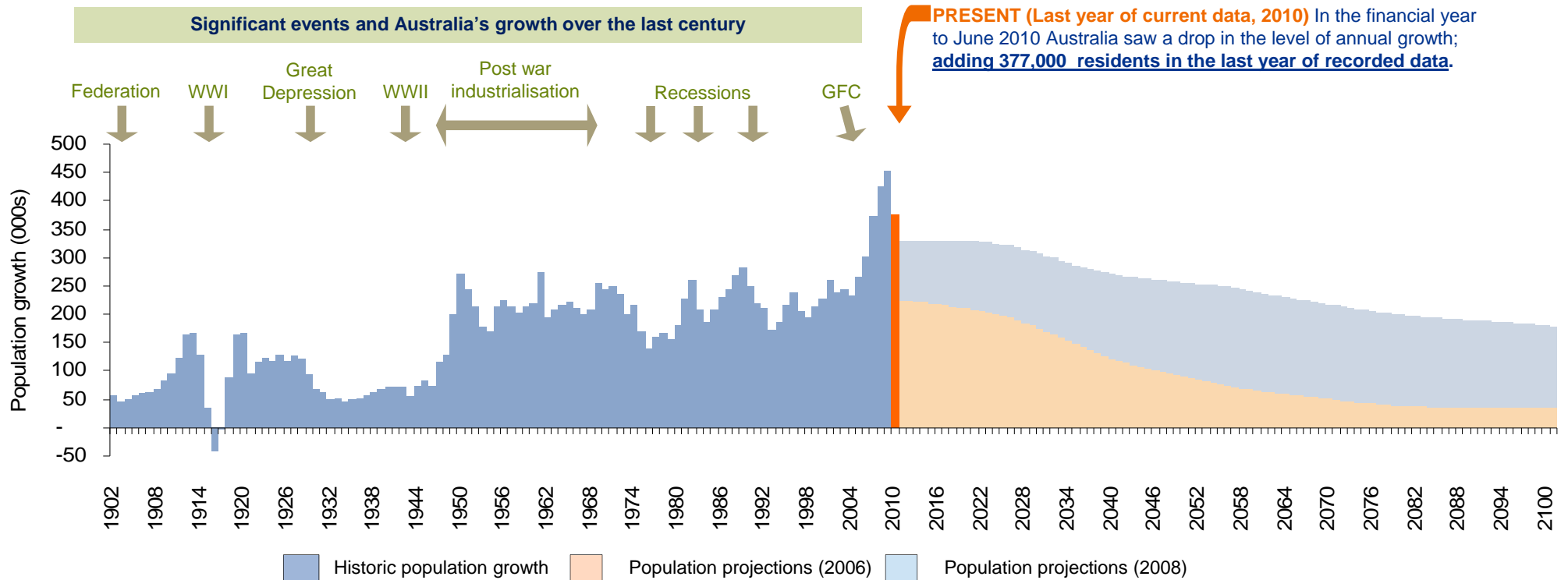


- In 2010, South Australia typically had the highest number of persons per taxi whilst New South Wales had the lowest at 1,057 persons per taxi.
- New South Wales also had the highest number of trips per person with 24 taxi trips on average taken by each person in the state. This high ratio could possibly be due to lower access to public transport in the state and higher disposable income.
- Victoria had a considerably low number of taxi trips per person with each person in the state, on average, taking 9 trips. This could be explained by the extensive public transport network in Victoria.



**Australia's
demographic
landscape**

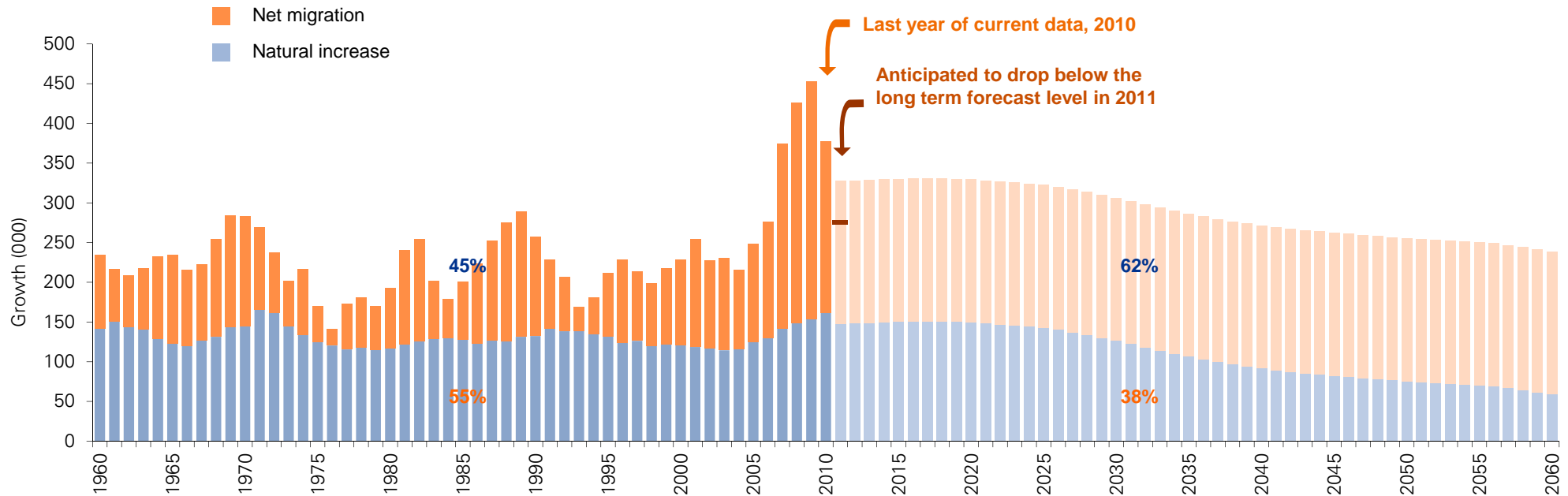
Australia's annual population growth, 1902 to 2101



- **PAST** Over the last half of the century since WWII, Australia has experienced a sustained period of consistent population growth. This period has provided a platform for the economy to flourish and for continuous advances in the standard of living. In particular, between 2006-2009 Australia has seen a phase of higher growth ('hyper growth'). However, recent growth data and the ABS' latest population projections indicate that we are now returning to growth levels experienced before the boom growth.

- **FUTURE** In September 2008 the ABS released its most recent population projections derived from the 2006 Census results. Based on elevated fertility rates and net migration, these projections have dramatically increased Australia's population outlook compared with that of two years earlier. These population projections are based on the assumption that net overseas migration averages at 180,000 per annum. Net overseas migration is the difference between people arriving in and leaving Australia.

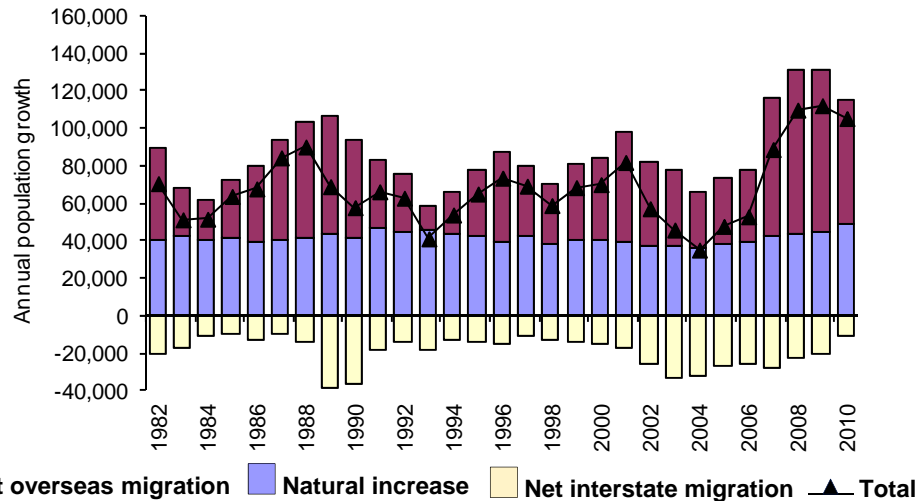
Components (drivers) of population growth, Australia 1960 to 2060



- The driving force behind population growth in Australia from 2006 was net overseas migration.
- From 2006 to 2010 net migration growth was driven by 457 and 456 visa applicants as well as overseas students. Anyone who stays in Australia for more than 12 months, including students, is counted in the numbers. The boom economy combined with Australia's push into international education services underpinned the heightened growth rates. And in the year following the global financial crisis the growth increased even higher (to 453,000 in 12 months) because of expat Australians 'coming home' and New Zealanders also arriving in bigger numbers.
- Migration is projected to continue to play a significant role in Australia's population growth over the forecast period to 2056.

- In the 50 years to 2010 net migration was responsible for 45% of population growth in Australia, with the majority (55%) being driven by natural increase (the difference between births and deaths). However in the next 50 years to 2056, net migration is forecast to account for 62% of Australia's population growth.
- While net migration will be the primary contributor to population growth over the next 50 years, the level of net migration is forecast average at 180,000 per annum and this compares with 300,000 in the year ending June 2009 to 216,000 in the year ending June 2010.
- A decline in net migration absolute numbers impacts on the taxi industry by reducing the taxi driver supply pool. At the last Census almost two thirds of taxi drivers were born overseas. On this basis the industry is directly impacted by changes in immigration policy.

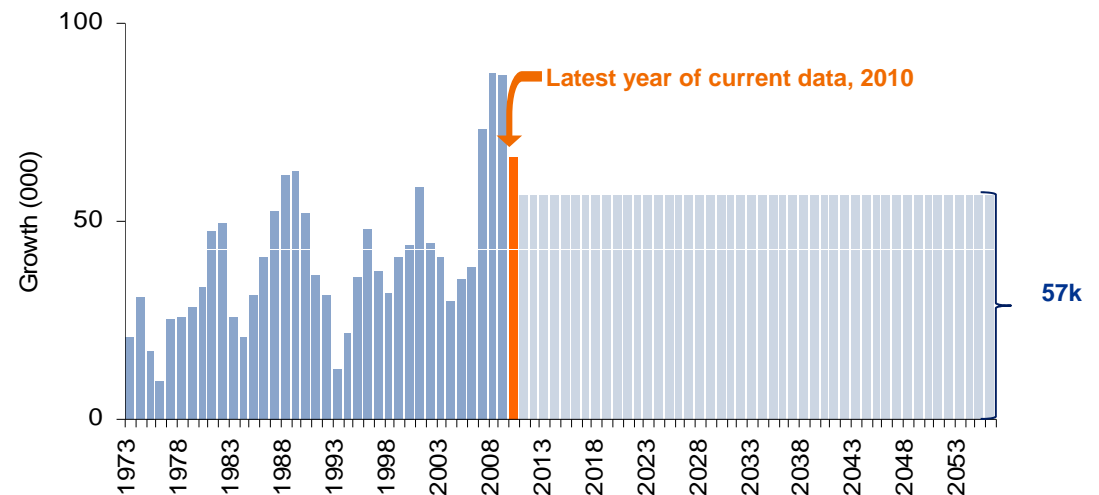
Components of growth, 1982 to 2010



Population growth

- State population growth is driven by net overseas migration, natural increase and net interstate migration. Net overseas migration is the difference between people arriving in and leaving Australia and net interstate migration is the difference between people arriving in and leaving NSW. Natural increase is the difference between births and deaths, increases in the fertility rate and rises in life expectancy lead to increases in natural population.
- Historically NSW has experienced net interstate migration loss. In other words more people leave NSW compared with those that arrive from other states.
- In 2010 fewer people left NSW for other states, especially Queensland, when compared with the previous 10 years.
- Natural increase in NSW has remained more or less stable over the last few decades.

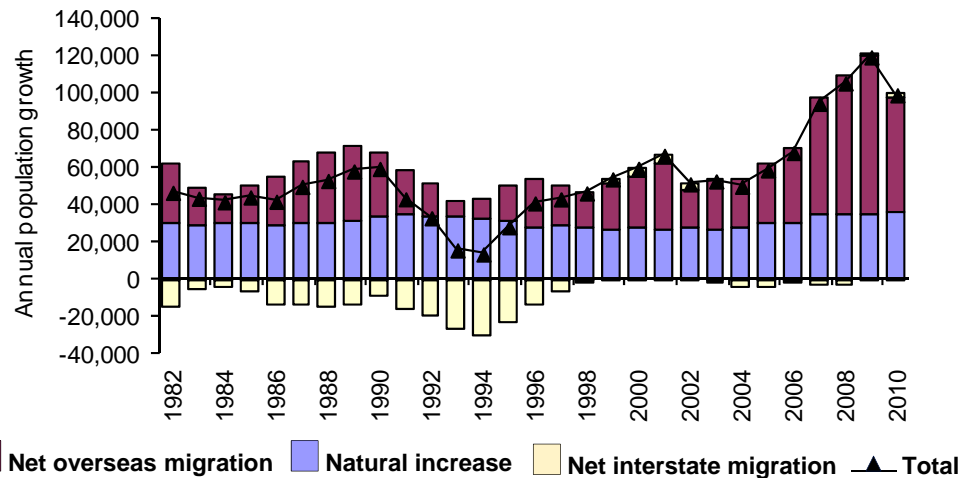
Net overseas migration, 1973 to 2056



Overseas migration

- Population growth in NSW shows similar trends to Australia with net overseas migration to be the primary contributor of population growth in the future.
- The most current year of data for NSW shows that net migration contributed 66,034 (or 60%) to population growth in 2010.
- Net migration peaked at 80,000 in 2008.
- However, similarly to Australia, NSW has experienced a significant drop in the number of net overseas migrants in year ending June 2010 and if similar trends follow, figures may drop to below levels of 57,000 projected by the ABS.

Components of growth, 1982 to 2010



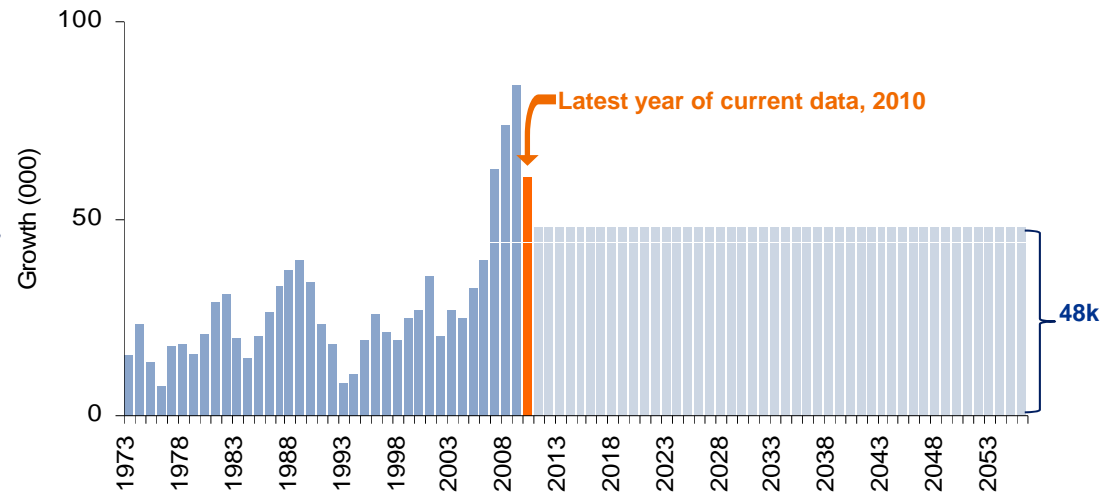
Population growth

- Strong population growth in Victoria is fuelled by net overseas migration and natural increase.
- Historically, interstate migration has typically seen more people leaving Victoria than arriving. However over the last couple of years this has reversed and hence is pushing up total growth in the state.
- At the year ending June 2009 net interstate migration in Victoria was 700. This was followed by a further increase in the year ending June 2010 with 2,500.

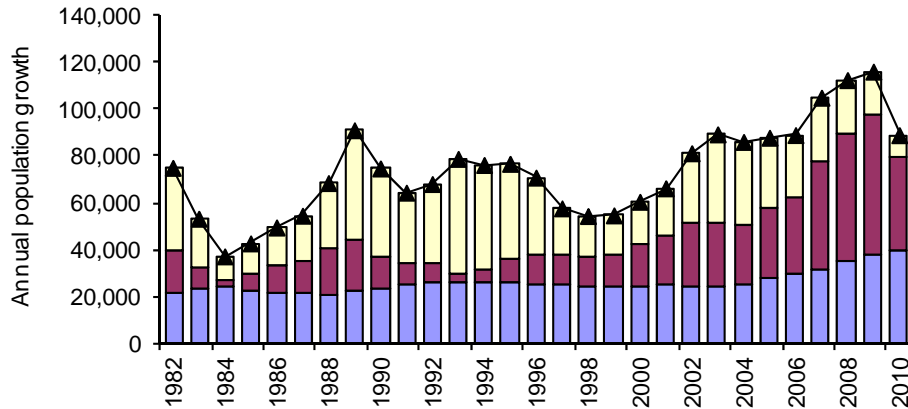
Overseas migration

- Similar to Australia, Victoria will also see net overseas migration as being the main contributor to population growth in the future.
- At the most current year of data available for Victoria, net migration contributed to 60,420 of the total growth in population. This was almost double the growth by natural increase (36,345).
- However, at year ending June 2010, Victoria also saw a dramatic change in the number of net overseas migrants (down -28%). This could mark the beginning of a period of more sustained growth for Victoria.
- Net overseas migration is forecast to contribute an average of 48,000 to population growth in Victoria.

Net overseas migration, 1973 to 2056



Components of growth, 1982 to 2010



Population growth

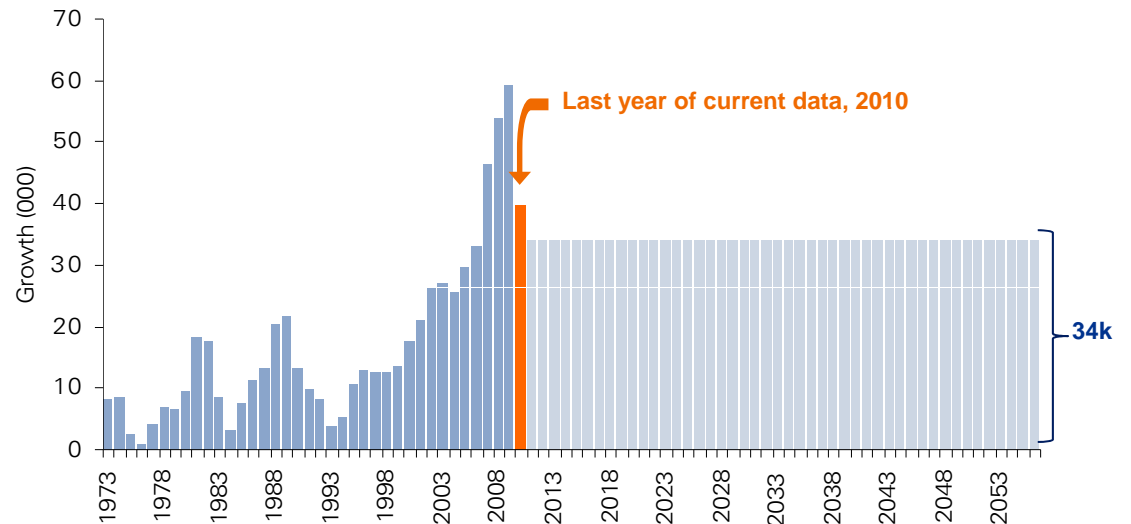
- Queensland is pulling back from record population growth, due to a decline in net interstate migration.
- Typically net interstate migration has been the biggest contributor in population growth for Queensland. However between 2006-2009 net overseas migration increased to become the largest contributing factor in population growth.
- These levels of net overseas migration however, are considered to be levels of 'hyper growth' and are not expected to continue. In the year ending June 2010 net overseas migration started to decline.
- Along with net overseas migration, net interstate migration has also decreased considerably. In the year ending June 2010 net interstate migration dropped to 9,600 from the 18,400 recorded in the previous year. This could be further exacerbated by the floods and cyclones in 2011.

Net overseas migration Natural increase Net interstate migration Total

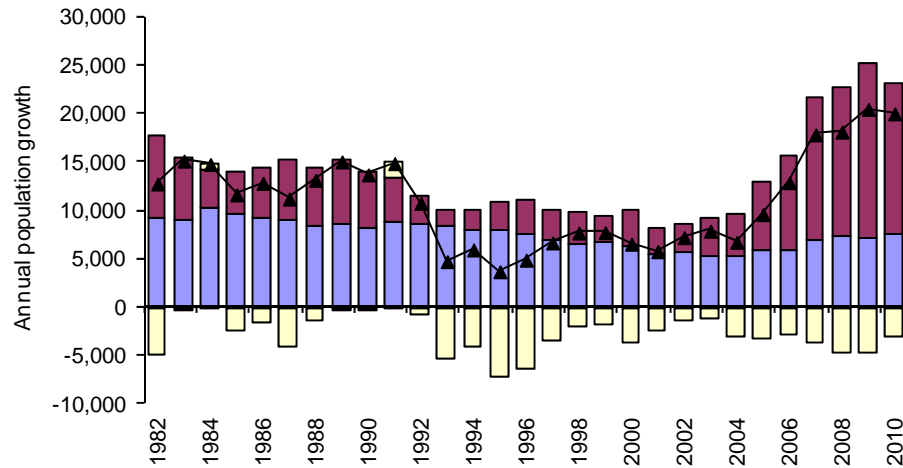
Net overseas migration, 1973 to 2056

Overseas migration

- Queensland typically has a lower proportion of population growth attributable to net overseas migration when compared with other states (36%).
- Although net overseas migration is forecast to rise to 53% in the future, it is still approximately 10 percentage points lower than the Australian average.
- In the year ending June 2010, Queensland added 39,696 from net overseas migration, which was -33% less than in the year ending June 2009 (in which it contributed to 59,373 of Queensland's population growth). Should trends continue, Queensland may fall to below projected levels of population in the year ending June 2011.



Components of growth, 1982 to 2010



■ Net overseas migration ■ Natural increase ■ Net interstate migration ▲ Total

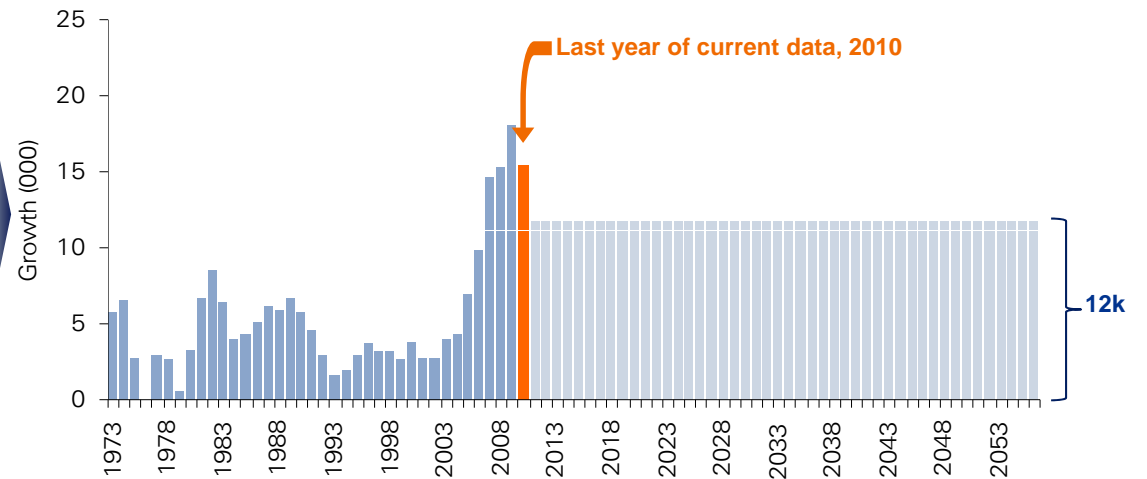
Population growth

- South Australia continues to lose population to other states. In the year ending June 2010 South Australia experienced net interstate migration loss to the tune of 3,000.
- Prior to 2005, natural increase was the main population growth component in South Australia.
- After 2005 net overseas migration surfaced as the main contributor to population growth.

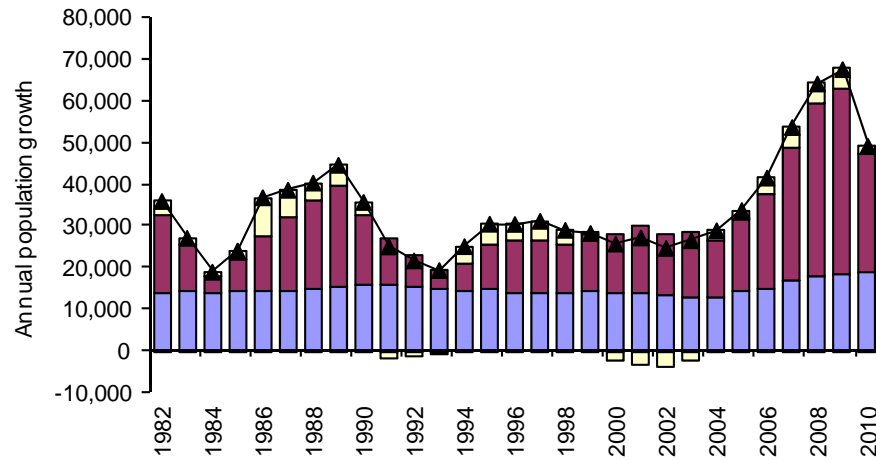
Overseas migration

- In the past, South Australia's level of net overseas migration has contributed 34% towards population growth. However net overseas migration is forecast to contribute 75% towards population growth in the future.
- The rise in net overseas migration could be due to factors such as the Federal government policies such as making it compulsory to live in regional cities for 2 years on arrival into Australia which are contributing to the rise in net overseas migration in South Australia.
- The latest data for South Australia indicated that 15,371 net migrants were added to the state in the year ending June 2010. South Australia also saw amongst the lowest drop in net overseas migration between the states between year ending June 2009 and 2010 with a 15% decrease (almost half of the decrease seen in most other states).

Net overseas migration, South Australia 1973 to 2056



Components of growth, 1982 to 2010



■ Net overseas migration
 ■ Natural increase
 ■ Net interstate migration
 ▲ Total

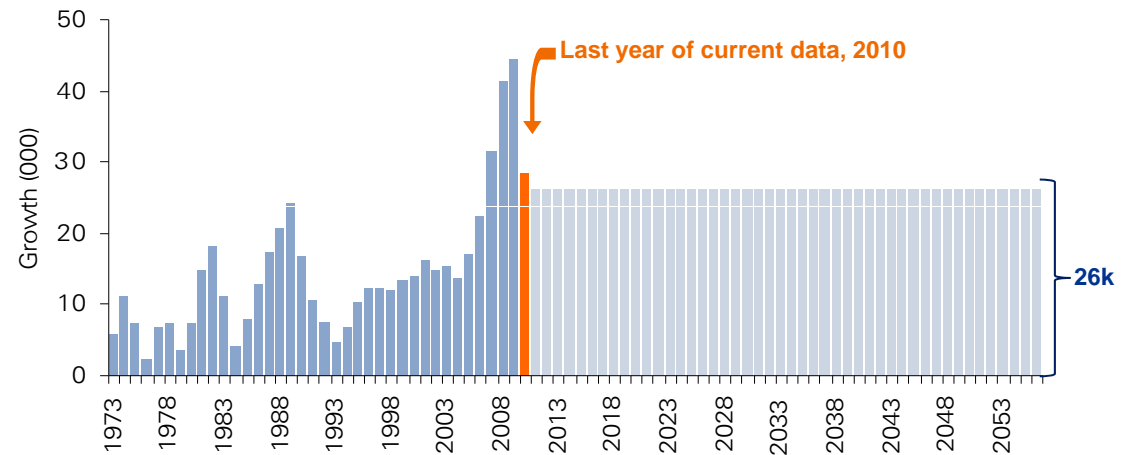
Population growth

- Net interstate migration is the smallest contributor to population growth in Western Australia.
- Net interstate migration dropped between 2009 and 2010. In year ending June 2009 Western Australia recorded a 4,800 person population growth due to net interstate migration which was more than halved to 2,000 in 2010.

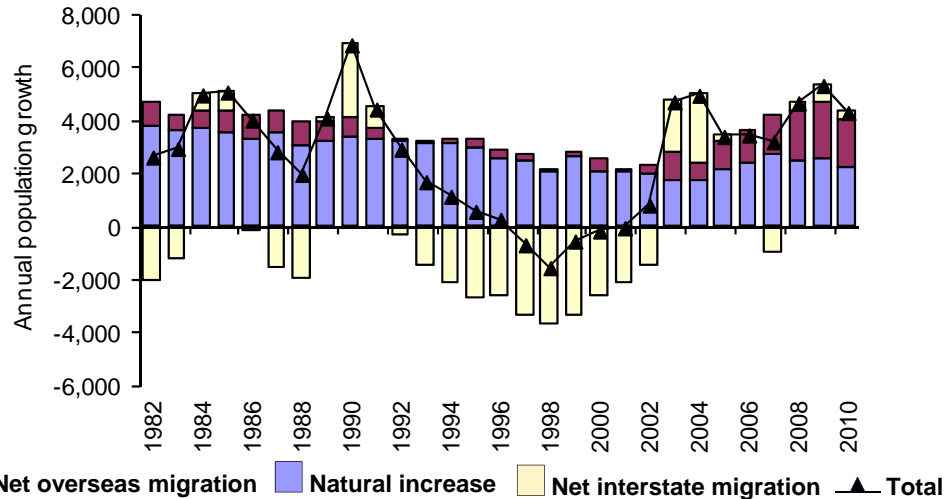
Overseas migration

- Western Australia is forecast to experience similar patterns in net overseas migration to Australia, with 63% of growth attributed to net migration.
- At year ending June 2010, which is the most current year of data available, Western Australia added 28,243 net overseas migrants, which was approximately 60% of the total growth for that year.
- However, this figure was significantly below the number added in the previous year (44,361) and reflects the tightening in immigration policies that has seen a reduction in net overseas migrants across all states in Australia.

Net overseas migration, 1973 to 2056



Components of growth, 1982 to 2010



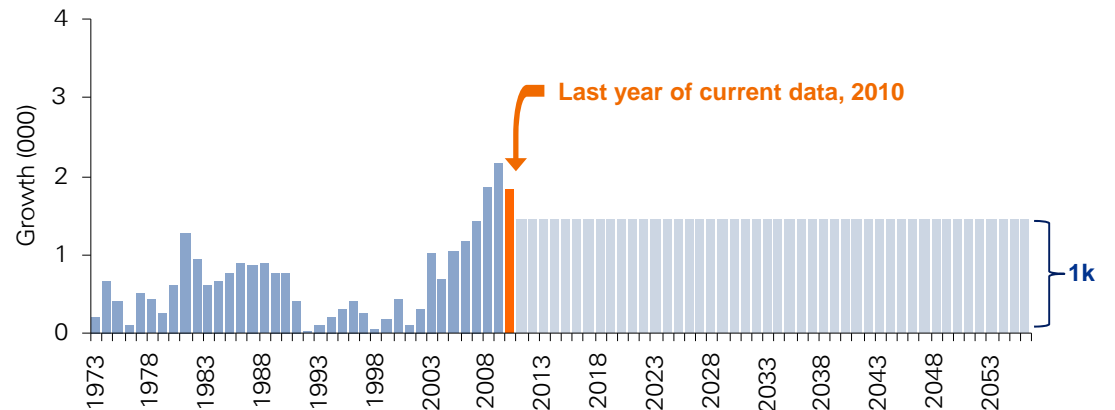
Population growth

- Population growth in Tasmania is mostly attributable to natural increase.
- Interstate migration however, (unlike other states such as South Australia and NSW) has contributed to population growth positively over the last decade (excluding 2007).
- At year ending June 2010, Tasmania experienced net interstate migration of 300 persons.

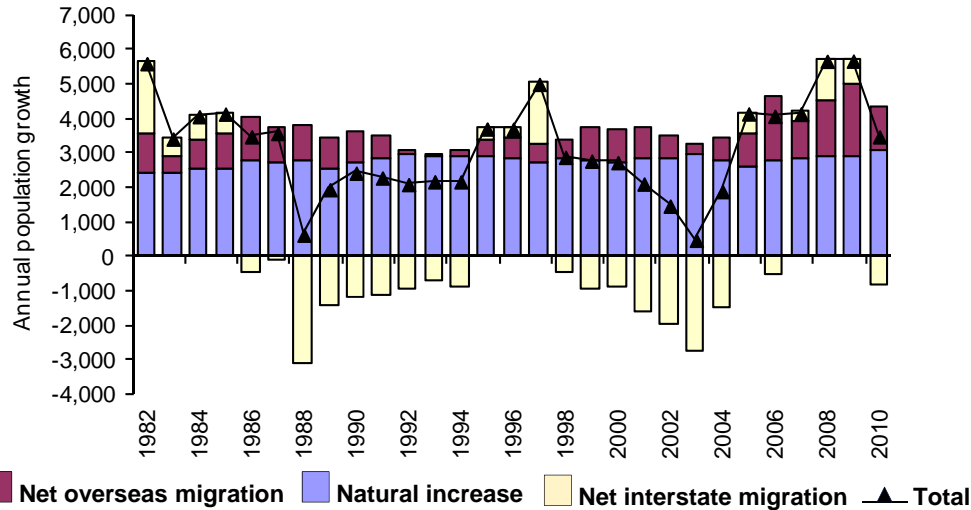
Overseas migration

- Net overseas migration is forecast to play a more significant role in Tasmania's population growth in the future (69%) than in the past (15%).
- As at year ending June 2010, Tasmania added 1,831 people from net overseas migration, down only by 16% from the previous year. This suggests that while net overseas migration is dropping in Tasmania, similar to other states in Australia, the rate of decline is significantly less than say Victoria (-33%).

Net overseas migration, 1973 to 2056



Components of growth, 1982 to 2010



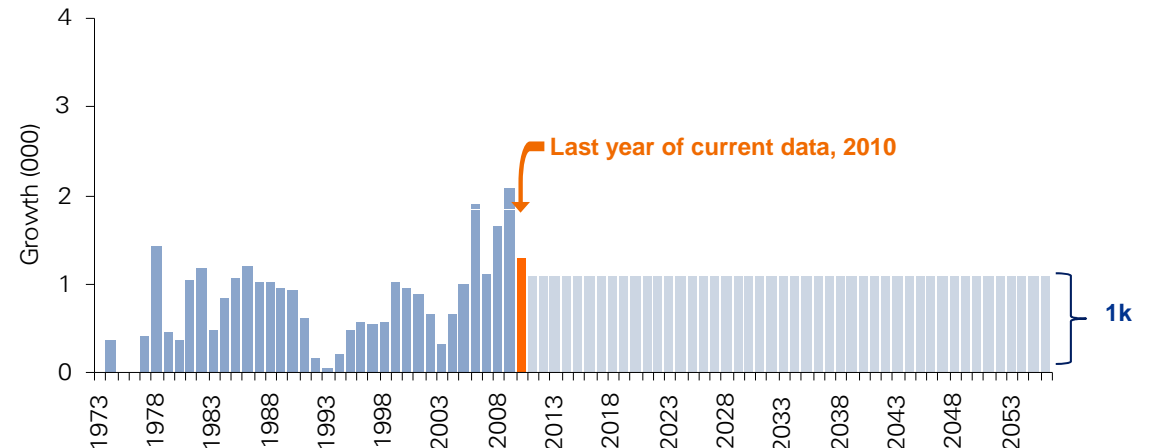
Population growth

- Typically less population growth due to net migration, both interstate and overseas.
- Natural increase has been the main contributor to population growth in Northern Territory.
- Similar to net overseas migration, net interstate migration also declined in the year ending June 2010.
- Net interstate migration dropped from 700 in year ending June 2009 to 800 in year ending June 2010.

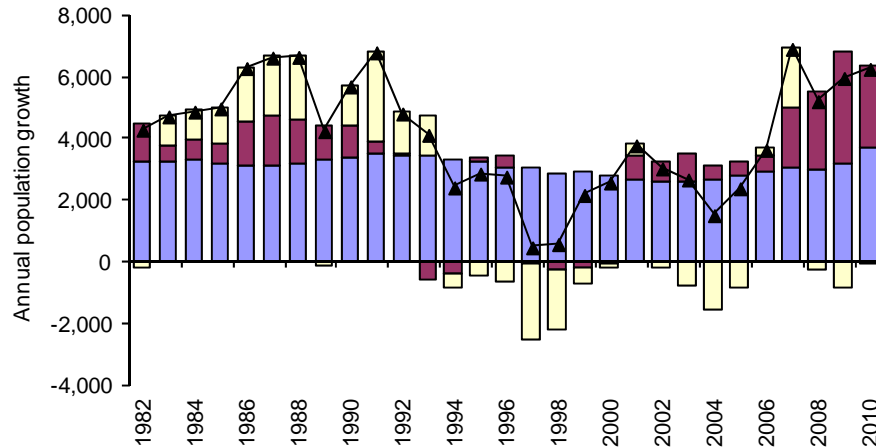
Overseas migration

- The Northern Territory has quite different trends in net overseas migration than compared to Australia. Typically in the past only 29% of population growth has been contributed by net migration and this is only forecast to grow by 5 percentage points to 26% in the future, showing that other components such as natural increase play a more significant role.
- At year ending June 2010, only 1,292 persons were added by net overseas migration whereas natural increase added 3,054 which is almost threefold.
- Furthermore, Northern Territory also experienced similar levels of decline in net overseas migration (-38%) between year ending June 2009 and 2010.

Net overseas migration, 1973 to 2056



Components of growth, 1973 to 2056



■ Net overseas migration ■ Natural increase ■ Net interstate migration ▲ Total

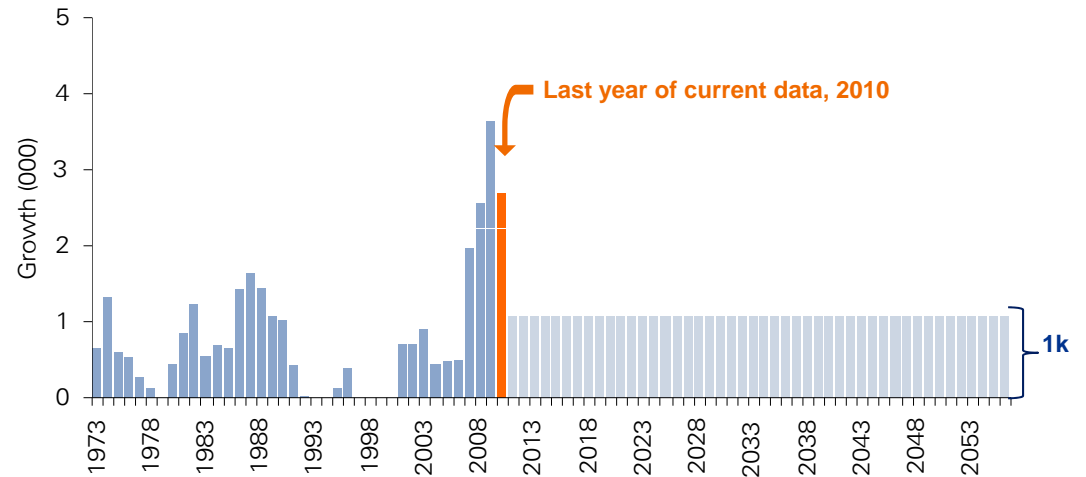
Population growth

- The ACT also experienced increased levels of net overseas migration from 2007 onwards.
- However, it is evident that natural increase has been the main contributor to population growth.
- Growth attributable to net interstate migration has been sporadic over the past decades and in more recent times ACT has experienced loss in interstate migration with more persons leaving the state than entering.
- Net interstate migration resulted in population loss of 70 persons at the year ending June 2010; up from a loss of 800 in the year ending June 2009.

Overseas migration

- The Australian Capital Territory has net overseas migration trends which differ from that of Australia's patterns with only 14% of growth attributable to net migration in the past. Although this is forecast to grow to 33% in the future, other components of growth such as natural increase will still be the leading population growth factor for the state.
- At the most recent year of data available (year ending June 2010), the Australian Capital Territory saw 2,693 (42%) being added to the state due to net overseas migration. This indicates that net overseas migration levels are currently higher than seen in the past or anticipated for the future. However, similar to that of Australia, should trends continue (-26% decrease in net overseas migration between year ending June 2009 and 2010), this figure is projected to drop significantly in the future.

Net overseas migration, 1973 to 2056



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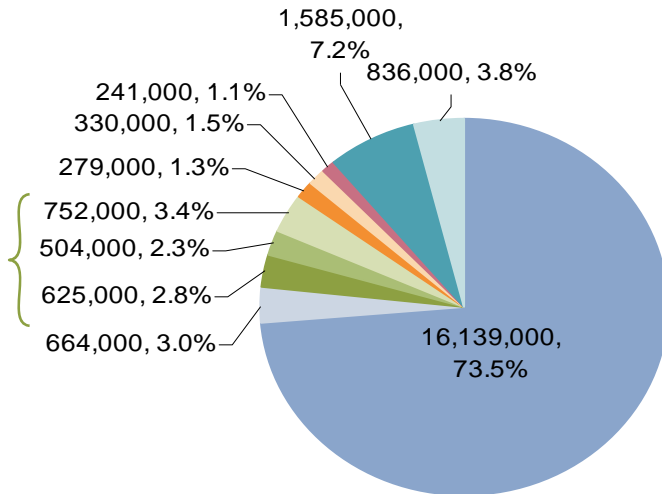
Impact of migration

Australia's changing ethnic composition, 1997 to 2009

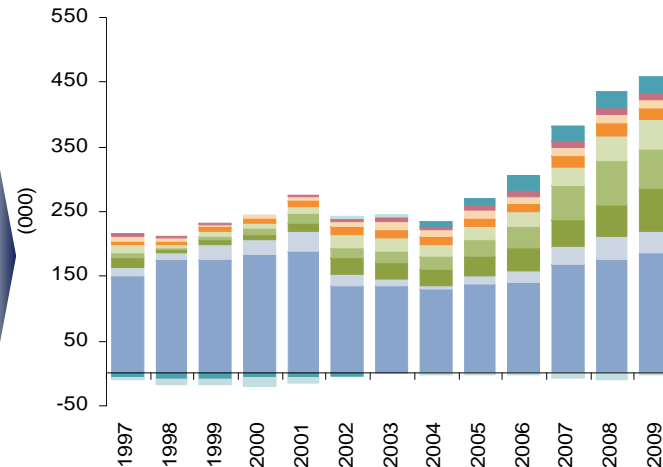
"Asian" born Australians are a substantial group but comprise several different tribes

Australia's population by place of birth, 2009

Australia's 2009 Asian born population comprised 1.88 million persons or 9% of the population; however this was comprised of many separate and distinct nationalities and cultures.



Australia's annual population growth by place of birth, 1997 to 2009



Australia's migration focus has been shifting towards Asia. In the year to June 2009 the Asian born population increased by 172K persons comprising 38% of Australia's population growth.

- Australia
- Oceania and Antarctica remainder
- North-East Asia
- Southern and Central Asia
- South-East Asia
- Sub-Saharan Africa
- North Africa and the Middle East
- Americas
- North-West Europe
- Southern and Eastern Europe

In 2009, Australia's dominant Asian born ethnic groups were:

• Chinese*	480,000 (25%)
• Indian	309,000 (16%)
• Vietnamese	204,000 (11%)
• Filipino	169,000 (9%)
• Malaysian	130,000 (7%)
• Other	591,000 (31%)
• Total	1,883,000 (100%)

* Includes persons from Hong Kong, Taiwan & Macau

In the year to June 2009, the fastest growing Asian ethnic groups were:

• Indian	44,000 (25%)
• Chinese*	40,000 (23%)
• South Korean	16,000 (9%)
• Japanese	11,000 (6%)
• Malaysian	10,000 (6%)
• Other	55,000 (31%)
• Total	176,000 (100%)

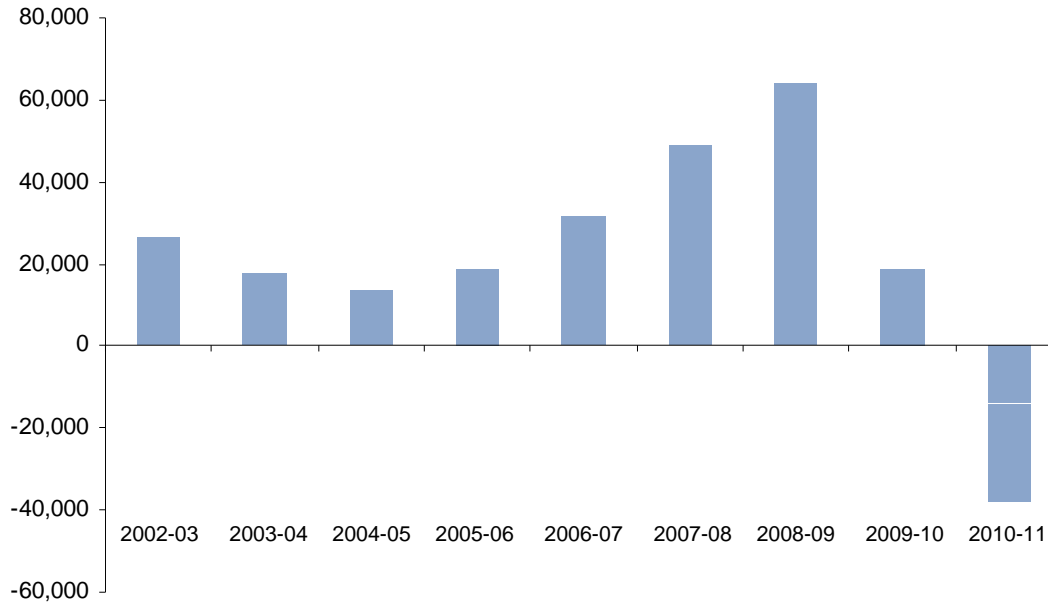
- Although Chinese born residents were the most common Asian born ethnicity in 2009, it was the Indian born that grew at the fastest rate (25%). This highlights the closing gap between Chinese born and Indian born residents in Australia.
- However, in more recent times, Australia has seen a tightening on the number of migrants coming into the country, which started due to policy changes in early 2010. This means that the rate of growth in different ethnic groups will not be as high in 2009-10 as was previously seen in the year ending June 2009. Net migration for Australia in the year ending June 2010 was 216,000 down 28% from 300,000 in June 2009.
- The taxi driver ethnic profile is changing particularly in states that are exposed to high levels of net overseas migration.



**Australia's
international
students**

How many international students are there in Australia?

Absolute change in student enrolments, YTD March 2002-11



- This section provides insight into changes in the number of international students in Australia and comments on how these changes are impacting on the taxi industry.
- International students in Australia have been steadily increasing since 2004. Australia saw 186,771 total enrolments at year to date March 2002 which peaked at 427,293 in year to date March 2010.
- However the international student market is no longer growing but rather shrinking; to the extent that there were 9% less overseas student enrolments in 2011 compared with 2010.
- The peak in absolute change of international student enrolment numbers coincides with the peak in the supply of taxi drivers in Victoria.
- A decline in the number of international student enrolments in Australia will create challenges for the taxi industry, particularly in Victoria.

All sector year to date enrolments for March 2002-11

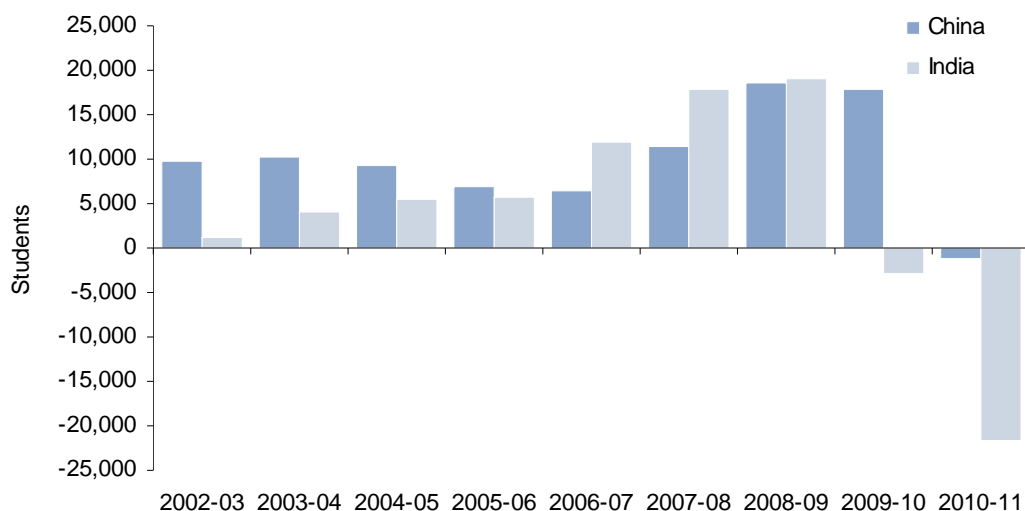
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Enrolments	186,771	213,311	231,180	244,805	263,695	295,183	344,309	408,572	427,293	389,601
Absolute Change		26,540	17,869	13,625	18,890	31,488	49,126	64,263	18,721	-37,692
Percentage Change		14%	8%	6%	8%	12%	17%	19%	5%	-9%

Where are our international students coming from?

Absolute Change by Top Five Nationalities 2002-11									
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
China	9,728	10,235	9,207	6,880	6,476	11,467	18,465	17,783	-1,096
India	1,181	3,943	5,554	5,743	11,790	17,902	19,132	-2,963	-21,560
Korea, Republic of (South)	798	1,731	758	2,921	2,962	537	489	-945	-2,729
Malaysia	2,347	615	-495	-501	352	788	1,741	726	-519
Viet Nam	4	196	541	679	1,433	3,200	5,376	3,353	-151
TOTAL	26,540	17,869	13,625	18,890	31,488	49,126	64,263	18,721	-37,692

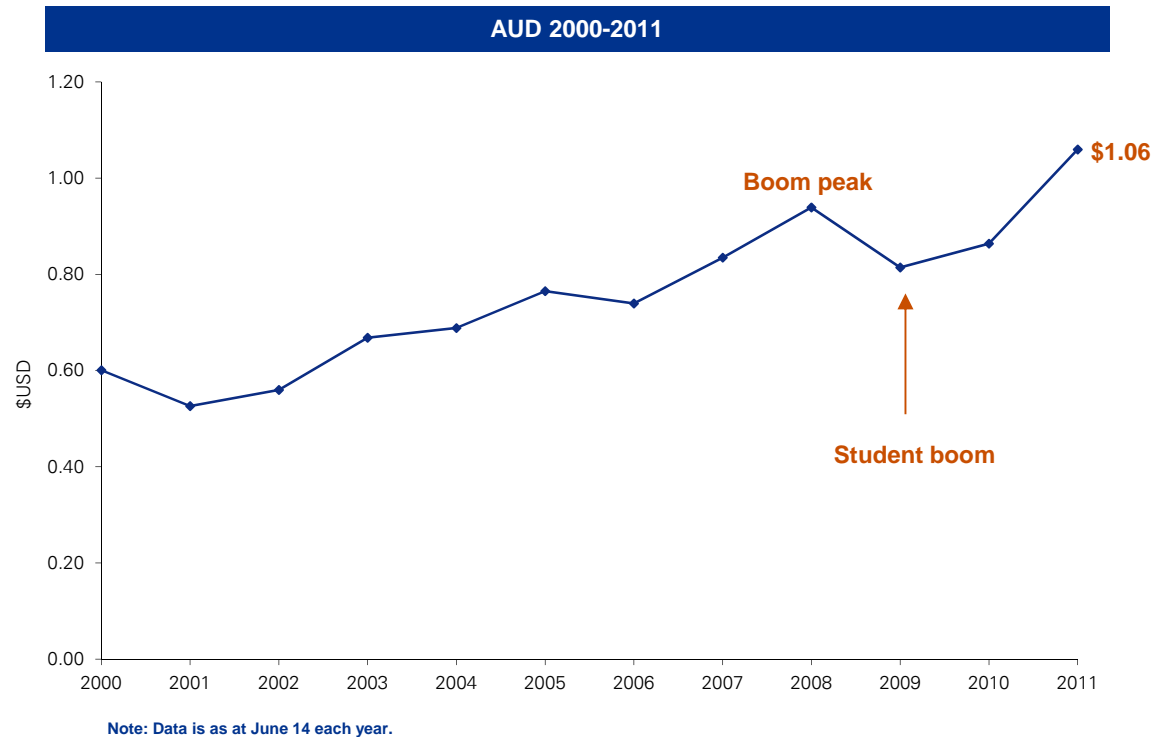
Note: 2011 figures are forecast based on Feb-Mar growth in 2010

Absolute change – China & India 2003-2011



- The largest decline in international student enrolments by nationality has been in the Indians.
- Indian student enrolments were the highest of any nationality in 2008-09 increasing by 19,132 compared to China's 18,465. However by 2010-11 total international student enrolments decreased by 37,692, with India showing the highest level of decline in student enrolments dropping by almost 22,000.
- The strong decline in Indian student enrolments is not only attributable to the migration policy shifts. Other factors such as the negative media on Indian students could also play a role in the decline of student enrolments. Newspapers nationally and internationally have been tracking the recent spate of violent attacks on Indian students and these figures highlight the possible outcome of this.
- The strengthening of the Australian dollar is also impacting on student enrolments as explained in the next slide.

Strong growth in the Australian dollar (AUD)



- The Australian dollar has reached its highest recorded level since 2000, even after experiencing the sharp drop due to the Global Financial Crisis in 2009. As at June 14 2011 the dollar was buying (USD)\$1.06.
- The strong dollar has had some negative influences on the international student market. This is due to it impacting the cost of courses and making it more expensive for international students to pay their fees.
- The rising dollar, therefore could be another factor contributing to the decline in international student enrolments in 2010 and 2011.
- The strong dollar now makes Australia a more expensive place to study, due to course costs and the cost of living for international students and also makes other countries, such as the United States, more affordable and appealing.
- The rising Australian dollar is also having a negative impact on the tourism industry. The impact is two-fold; Australians are taking advantage of the high dollar and travelling abroad and international tourists are less likely to holiday in Australia.
- A shrinking holiday market in Australia is likely to be impacting negatively on demand for taxi services.



Migration in Australia

Migration Program Statistics – Number of migrants by category of visa						
Category	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11*
Partner	36,374	40,435	39,931	42,098	44,755	42,000
Child	2,547	3,008	3,062	3,238	3,544	3,300
Preferential/Other Family	1,869	2,136	2,378	2,530	2,468	750
Parent	4,501	4,500	4,499	8,500	9,487	8,500
Total Family	45,291	50,079	49,870	56,366	60,254	54,550
Employer Sponsored	15,226	16,585	23,762	38,026	40,987	44,150
Skilled Independent	49,858	54,179	55,891	44,594	37,315	35,200
State/Territory Sponsored	8,024	6,928	7,530	14,055	18,889	23,000
Skilled Australian Sponsored	19,062	14,167	14,579	10,504	3,688	3,500
Distinguished Talent	99	227	211	201	199	200
Business Skills	5,060	5,836	6,565	7,397	6,789	7,800
1 November Onshore	7	0	2	0	1	0
Total Skill	97,336	97,922	108,540	114,777	107,868	113,850
Skill as percent of total program	68.1	66.1	68.4	67	64	67.5
Total Special Eligibility	306	199	220	175	501	300
Total Program	142,933	148,200	158,630	171,318	168,623	168,700

Note: 2010-11 figures are Planning Levels only

- There are currently some 130 different types of visas available for entry into Australia. Migration Program Statistics are primarily made up of two types of categories; Family and Skill visa.
- Other types of visas that can be obtained in different categories include; the temporary business visa, student visa, working holiday visa and the refugee visa.
- **457 - Temporary Business (Long Stay):** this visa is for employers who would like to employ overseas workers to fill nominated skilled positions in Australia. With this visa you can employ overseas workers for a period of between one day and four years.
- **570-576 - The Student visa** subclass is determined by your main course of study:
 - 570: ELICOS
 - 571: Schools/Secondary Exchange
 - 572: VET
 - 573: Higher Education
 - 574: Postgraduate Research
 - 575: Non Award
 - 576: AusAID/Defence
- As of 1 July 2011, the 136 Visa may be introduced which is a new visa for 'New Skilled Migrants' with changes in the level of English speaking capability (increased) and also an age restriction of 31-32 years or above. The age restriction has been brought in so that Australia can acquire migrants that are not only skilled, but have some level of experience in their particular skill.
- On current 457 Visas as they are it is estimated that less than half of the total migrants find jobs in their respective fields.
- As evident in the table on the left, total migrant numbers were increasing up to 2008-09, then dropped in year ending 2010 and is anticipated to remain constant in 2010-11.

- **417 - Working Holiday Visa Grant:** This Visa is for people aged 18-30 years of age, who are interested in a working holiday of up to 12 months in Australia. The Visa Grant allows you to supplement the cost of your holiday through short-term employment.

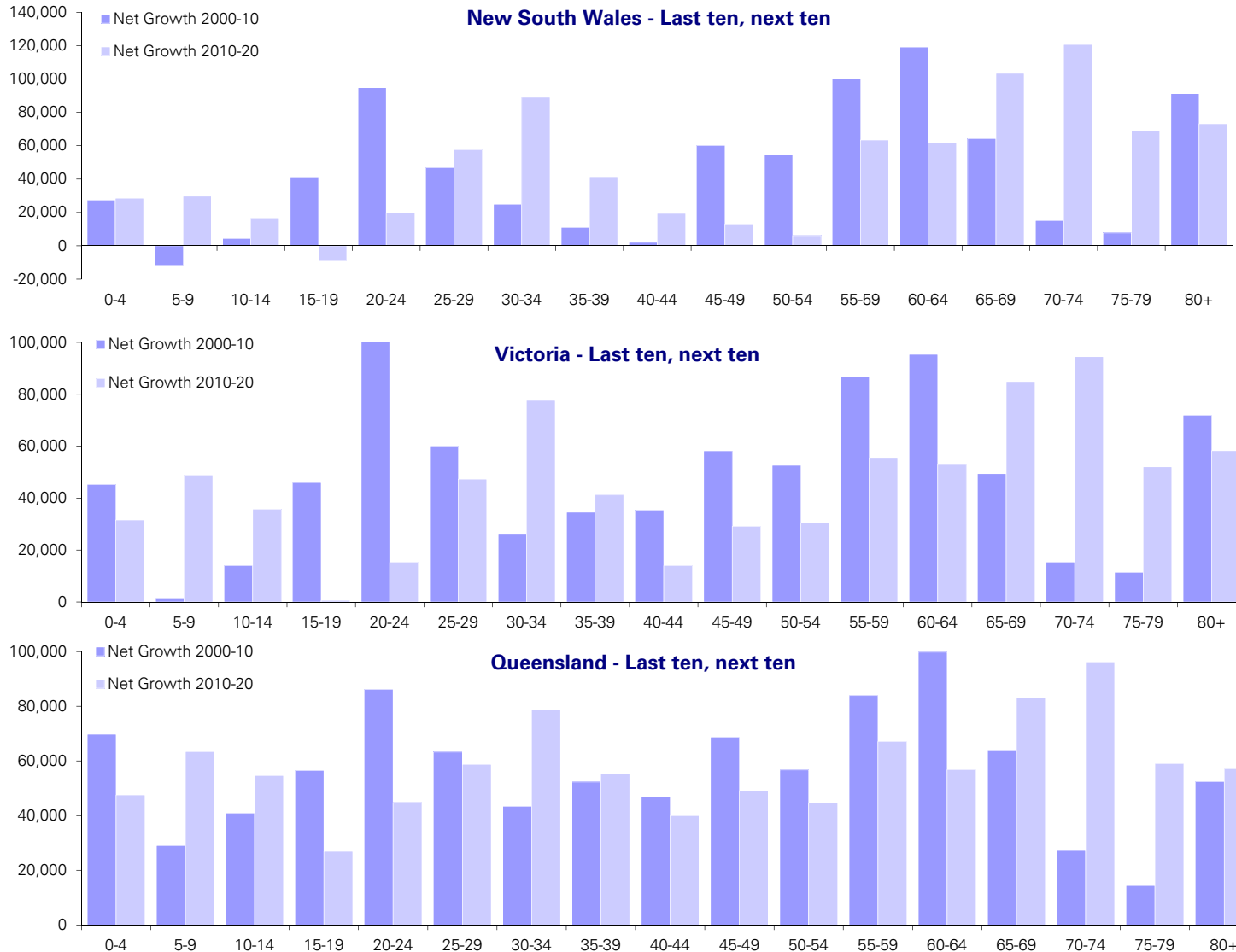
Total Working Holiday (Subclass 417) Visa Grants by Citizenship					
Citizenship	2005-06	2006-07	2007-08	2008-09	2009-10
Belgium	765	894	976	1,223	1,298
Canada	6,828	7,078	8,090	8,737	8,217
Cyprus	7	8	5	25	15
Denmark	1,212	1,396	1,142	1,220	1,294
Estonia	220	362	521	1,248	1,387
Finland	882	1,007	928	1,060	997
France	6,125	8,210	11,005	16,250	18,172
Germany	12,089	15,688	17,438	20,319	20,880
Hong Kong	658	1,209	1,535	2,715	3,713
Ireland	12,554	13,518	17,120	22,786	14,833
Italy	2,454	3,241	3,568	4,632	5,481
Japan	9,415	11,707	10,599	9,324	8,089
Korea, Republic of	24,077	28,560	32,635	39,506	34,870
Malta	102	109	94	97	67
Netherlands	2,771	3,344	3,590	3,988	4,034
Norway	611	680	694	727	925
Sweden	3,548	3,995	3,914	4,398	4,210
Taiwan	739	2,311	6,132	9,240	10,188
UK	28,821	31,211	34,145	40,182	37,056
Other*	57	84	17	19	13
Total	113,935	134,612	154,148	187,696	175,739

- The most common Visa Grants by citizenship were to the United Kingdom in 2009-10 with 37,056 grants. South Korea had the second highest number of grants at 34,870 for the same year. Both these countries however, saw a drop in the number of Visa Grants between 2008-09 and 2009-10. Overall there has also been a drop in total working holiday visa grants between 2008-09 and 2009-10 which is in line with general trends in migration numbers for Australia.
- The largest drop in Visa Grants have been for Ireland. Between 2008-09 and 2009-10 the number of working holiday visa grants for Ireland citizens decreased by some 7,953 or -35%.
- Tourists that visit Australia on a 417 visa also have the option to extend their visa if the applicant has carried out specific work in regional Australia for a total period of at least 3 months (for example; fruit picking in Mildura).
- **Refugee Visa (subclass 200)** – This visa subclass is for people who are subject to persecution in their home country and who are in need of resettlement. To be eligible for this visa a person must:
 - Be living outside their home country; and
 - Be subject to persecution in their home country; and
 - Have compelling reasons for resettlement to Australia

Humanitarian Program Grants by category 2004-05 to 2009-10						
Category	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Refugee	5,511	6,022	6,003	6,004	64,992	6,003
Special Humanitarian (offshore)	6,585	6,736	5,183	4,795	4,511	3,233
Onshore	1,065	1,372	1,793	2,131	2,492	4,534
Temporary Humanitarian Concern	17	14	38	84	5	-
Total	13,178	14,144	13,017	13,014	13,507	13,770

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Population outlook

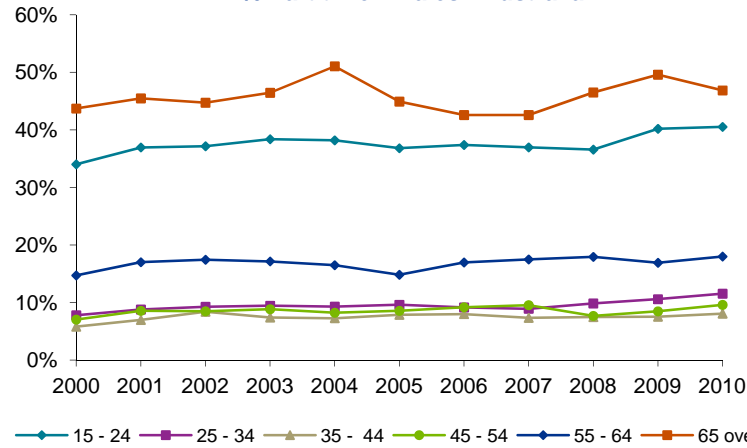


- This slide charts population growth over the last decade compared with the next ten years for NSW, Victoria and Queensland. This analysis provides insight into population change by age and thereby shows what age profiles, and thereby labour pools, are likely to increase.
- Across all three states, it is evident that over the next decade the largest growth in population will be in the 65 years and over age group. Growth in this 'mature' age group is unlikely to translate into taxi driver growth. However population growth in the 30 to 39 age group over the next decade may create more opportunities for the supply of taxi drivers.
- In NSW and Victoria in particular population growth is moving away from the early 20 cohort and towards the early 30 cohort. This means that there are opportunities to increase the taxi driver supply by targeting males who are in their early 30s and entering the 'family formation' stage of the lifecycle. Taxi driving may appeal to this demographic segment because it offers a flexible working opportunity for families.
- It's interesting to note that population growth in the 50 to 64 age group is forecast to decline and this is because the baby boomers are moving through the lifecycle and entering the 'retirement' phase over the next decade.

A blue trapezoidal graphic with a gradient from dark blue on the left to a lighter blue on the right. The text 'Labour force trends' is written in white, bold, sans-serif font on the left side of the graphic.

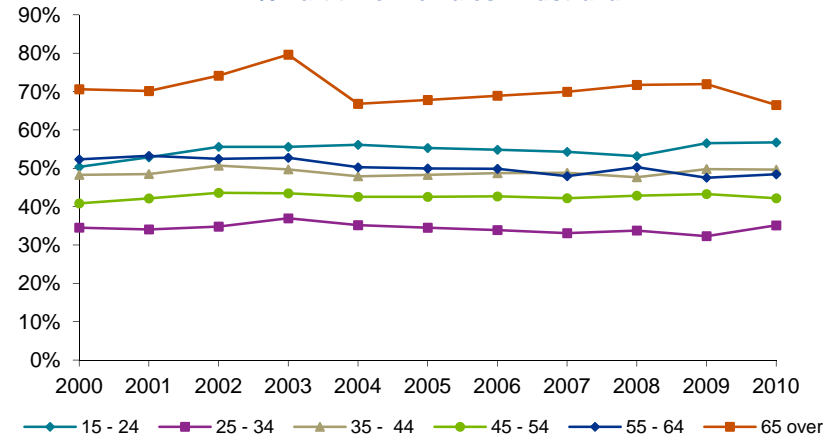
Labour force trends

% Part time - males - Australia



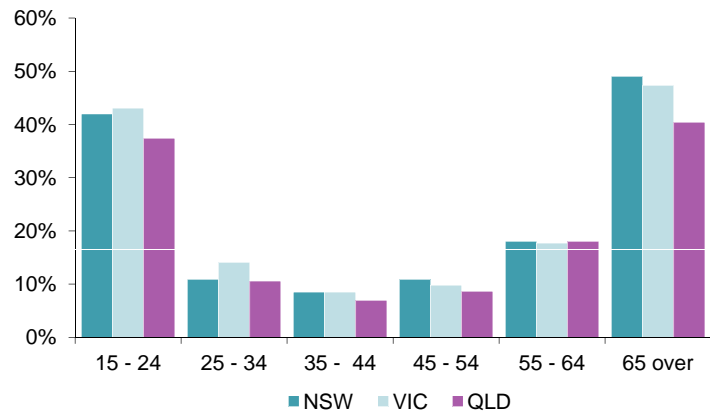
- The proportion of males employed part time is highest in the 15-24 and 65 and over age cohorts.

% Part time - females - Australia



- There is a higher proportion of part time employed women than men. The highest age cohort is the 65 and over.

% Part time - males - 2010



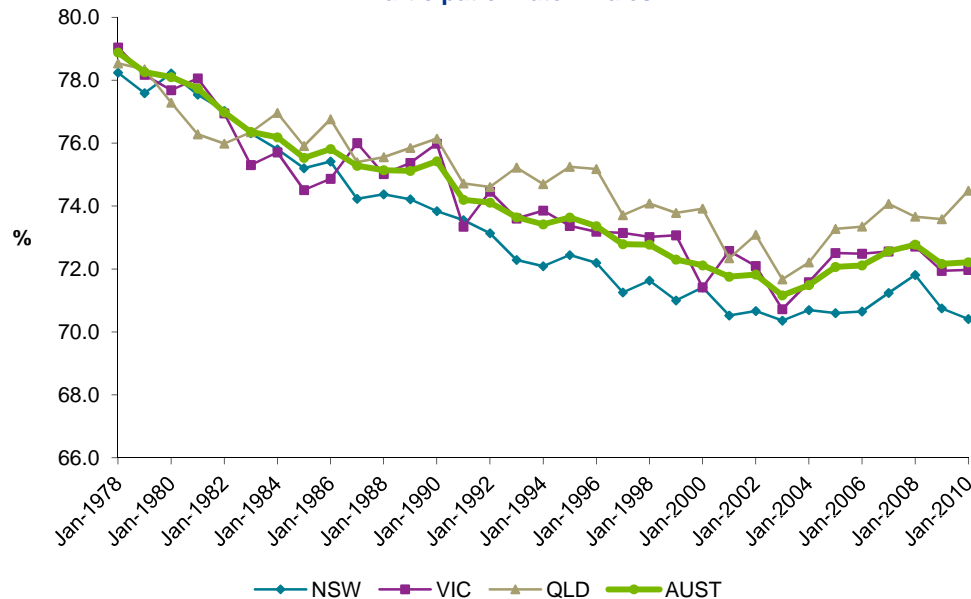
- Queensland typically has lower proportions of males employed part time when compared with NSW and Victoria across all age cohorts.

% Part time - females - 2010

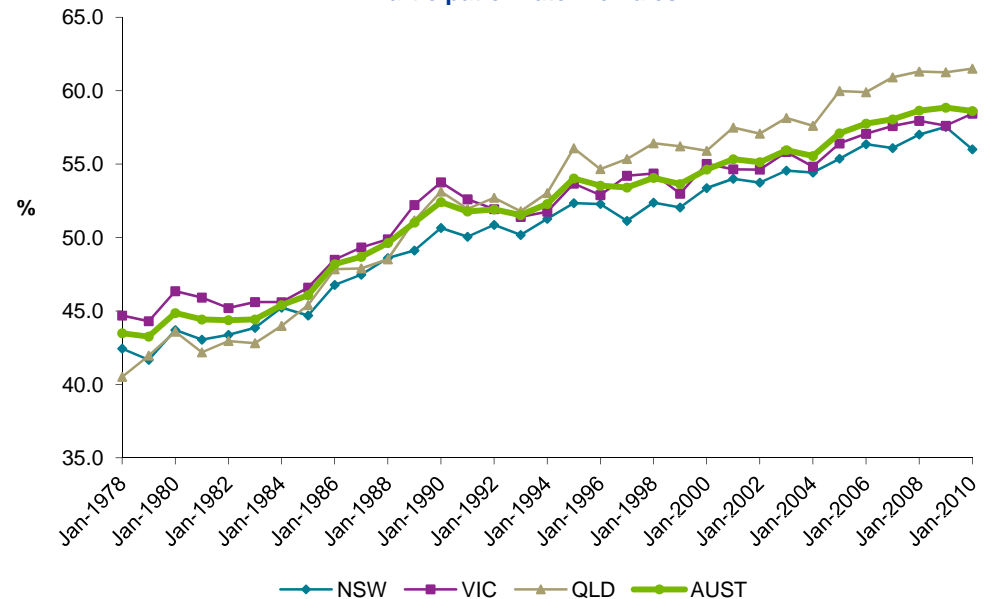


- Victoria generally has the highest proportion of females employed part time across most age cohorts.

Participation rate - males



Participation rate - females



- Male participation rates have generally been decreasing over the last 30 years. Although Australia and Victoria have stabilised over the last 12 months or so, Queensland's participation rate has risen, whereas New South Wales, is continuing in a downward trend. The rise in Queensland's male participation rate could be attributed to the resources boom as the mining industry is predominantly male dominated.
- The male workforce participation rate is likely to increase and this will create opportunities for the taxi driver industry.

- Female participation rate has typically been increasing over the last 30 years attributable to the recognition of women in the workforce over this period. Over the last 12 months, although most states have stabilised their incline, New South Wales has actually started to decline, similar to the male participation rate.
- Working opportunities for women over the next decade are likely to improve as worker flexibility is embraced and technology provides increased access for women and this could lead to further increased in participation rates.

A blue trapezoidal graphic with a white border, positioned on the left side of the slide. The text is centered within this shape.

Migration and the supply of taxi drivers

A significant proportion of Australian taxi drivers were born overseas. In 2010 net migration to Australia declined and the number of overseas students enrolling in Australia dropped considerably. This sudden slowdown in net migration has resulted in slower rates of population growth, thereby leading to a reduction in the size of the taxi driver supply pool.

In 2009 the Federal Government tightened migration by reducing the number of overseas students using the student visa program to obtain residency. These two developments – overall reduction in migrants and the tightening of student visas – has significantly impacted the supply of taxi drivers.

In Australia there is a requirement to have held a valid driver licence issued by an Australian State/Territory for a minimum of 6-12 months in order to qualify to drive a taxi. For some states this has been a new requirement in recent years. This regulation effectively prevents migrants from driving a taxi on arrival in Australia.

International students are able to work in Australia while studying. This has been a traditional source of taxi drivers which naturally leads to speculation that there might be scope to increase this source of potential drivers. However, as outlined below, this option is politically sensitive and would be difficult to achieve.

- I. Lobby the Federal government to increase the number of hours that persons on a student visa can work. Currently undergraduate students are only permitted to work a maximum of 20 hours a week. Increasing the number of hours students can work may allow for more flexible studying (ie part time study and full time work). However, according to Karen Waller, Executive Director in KPMG's Migration Practice, lobbying the government is a difficult process and regardless the Federal government is unlikely to change the working restrictions to student visas. Working hours are restricted because students are primarily in Australia to study not to work. Student visas are put in place to meet the demands of studying and therefore increasing working hours essentially is inconsistent with the objective of a student visa.

- II. It is KPMG's understanding that a successful student visa applicant is able to bring their partner to Australia while they study on a student-dependent visa. The partner of a person on a student visa is subject to the same working entitlements as the student, that includes a maximum of 20 hours of work a week. Increasing the hours that a student visa dependent can work would provide the couple with greater financial stability and also provide more opportunities for the student visa dependent to integrate into the community. The ATIA could lobby the government to increase the number of hours that student visa dependents can work. However, as with the previous option, introducing changes to the working entitlements on temporary visas, such as student-dependent visas, is politically sensitive and is likely to be difficult to achieve.

In order to lobby the government, the first step for ATIA would be to contact a temporary entrant advisor at Chris Bowen's office (Department of Immigration and Citizenship) and submit a proposal. KPMG's Migration Practice may be able to assist with this process.

In July 2011 the federal government introduced a new Skilled Migrant Visa (136) however this visa category is unlikely to increase the size of the taxi driver supply pool because new migrants with Visa 136 are entering their field of skilled vocation and, according to Karen Waller, new migrants with Visa 136 are not entering the taxi industry.

Increasing the supply of taxi drivers by appealing to temporary visa holders is challenging because the number of temporary visa holders arriving in Australia has declined. The drop-off in migration numbers has been considerable over the last 12 months and this number is not forecast to return to the levels recorded during the 'hyper-growth period' from 2007 to 2010. Rather, migration levels are likely to stabilise at levels recorded prior to 2006.

Furthermore, the restrictions that apply to temporary visa holders coupled with the regulations within the taxi industry (such as needing to hold a licence for 6-12 months) make it challenging for temporary visa holders to drive taxis. While there are options available to the ATIA that involve lobbying the government to change arrangements for temporary visa holders, the prospects for success are unlikely.

In the short term there is unlikely to be a migration or visa solution that will increase the supply of taxi drivers in Australia.



Future outlook

The demographic profile of taxi drivers in Australia is likely to change over the next decade. This change is being triggered by a sudden drop in the number of new migrants arriving in Australia, especially from India.

Concerns about capital city congestion and the pace of growth in 2009 prompted policy changes (e.g. to student visas) which resulted in the level of net overseas migration dropping. A large part of this drop resulted from a policy shift which tightened the regulation allowing some students to gain citizenship following the completion of courses. As a result of these regulation changes, migration numbers to Australia as a whole have slowed and are dropping from the high numbers recorded between 2006 and 2009. This slowdown will affect the number of people coming into the country at least for the next few years.

As migrants make up approximately 70% of all taxi drivers, we can expect that the driver numbers will continue to fall unless the industry can broaden its existing supply pool and /or to support higher retention rates.

The number of new taxi drivers entering the industry has been buoyed over the last five years because Australia has been exposed to 'hyper population growth'. As summarised in this report the number of net overseas migrants to Australia dropped considerably in the year to June 2010. However, this fall in net migration is not all that alarming because the recent figures are at levels experienced pre-2006.

The reduction in immigration numbers will require the taxi industry to broaden the taxi driver supply pool by not relying so heavily on new migrants. In the medium to long term this may improve the supply of taxi drivers because the industry would be less dependent on migration trends over which it has no control.

Strategies to improve the supply of taxi drivers in Australia could include:

1. Broadening the existing supply pool.
 - The industry could benefit by broadening the taxi driver supply pool by appealing to Australian born residents to drive taxis. This would reduce the industry's exposure to changes in migration policy.
 - Page 37 of this report shows that the size of the 30-something market will increase at a greater rate over the next decade when compared with the previous decade and thereby create opportunities for the taxi industry to tap into this growing demographic segment.

- Driving taxis on a part time basis should continue to be of interest, particularly to the young (24 years and under) or the mature (55 years plus) – however the growth in the number of 24 years and under age cohort is generally forecast to decrease over the next decade. The mature age groups are forecast to increase in population size at greater levels when compared with younger age cohorts.
 - It is also anticipated that the male and female labour force participation rates will increase and that this may create opportunities for more Australian born residents to be interested in driving taxis.
2. Improving existing driver retention rates.

Data management

The performance of the Taxi industry over the next decade would likely benefit from enhanced data management. There are a number of performance indicators that could be measured including occupancy and utilisation rates. Improved data management would measure industry performance and progress towards industry goals. For example, it may be useful for the industry to quantify the number of drivers required to meet the demand for taxis and to calculate how this demand changes daily, weekly and seasonally. Data sourcing and calibration will be challenging because the industry comprises many fleet operators and booking companies across States and Territories that are subject to different industry regulations.

Appendix

Newspaper articles			
Title	Newspaper	Date	Comment
Another Indian student attacked in Australia	The Times of India	28 May 2009	Reports on numerous attacks on students in Melbourne and how the Indians are now scared for their safety.
Overland defends use of force to move protestors	The Age	June 1 2009	The protest by Indian students in Melbourne and the treatment of them by the Victorian police.
Indian anger boils over	The Age	June 1 2009	Highlights that Indian students were rowdy in their protest at Flinders Street and that they are extremely angry about the recent incidents that have occurred.
Melbourne attack reignites Indians fears	ABC News	16 September 2009	Reports on the attack on three Indians in Epping and the lack of police support.
India warns on student attacks	The Age	9 April 2010	India has warned the Brumby government over continued attacks on Indian students in Melbourne, complaining about lack of official data on the nature of the violence.
Australian who attacked Indian cabbie let off with light term	The Press Trust of India Limited	24 May 2010	An Australian youth, who pleaded guilty to recklessly causing serious injury to an Indian student-cum-cabbie two years ago, has escaped with a light punishment despite the court being told he "hated" Indians and the attack could have been "racially inspired".
Bollywood turns political with film on student attacks	The Age	16 October 2010	DELHI: Like many Bollywood potboilers, the movie Crook, set in Melbourne, has a troubled hero, busty beauties, zippy dance sequences and ultra-violent villains. Unfortunately for Australia, most of the baddies are white thugs who roam the streets beating up Indians.
Indian student attacked in Australia	Hindustan Times	30 November 2010	In an attack on an Indian student in Australia, a 31 year old cookery student was stabbed in the stomach by two men after he finished work in a bar.

Newspaper articles			
Title	Newspaper	Date	Comment
Two taxi drivers bashed and robbed	WA Today	5 January 2011	Two Perth taxi drivers have been the victims of “cowardly” violent robberies in the past two days, with one driver so shaken by the incident he is flying overseas to be with family.
Driver shortage for taxis as Indian student numbers fall	Indian Local (community website)	15 February 2011	Taxi operator Greg Collins can’t find enough drivers to keep all his cabs on the road now that the flow of students from the Indian subcontinent is drying up.
Cabbie assault every week	Sunday Times (Perth)	6 March 2011	The Sunday Times can reveal that there were 74 reported assaults on taxi drivers in the Perth metropolitan area last year.
Taxi driver bashed in night attack	The Morning Bulletin	10 March 2011	Hours after a judge jailed a man who had spat on a Rockhampton taxi driver, a thug allegedly assaulted a city cabbie in a frightening night attack.
Cab drivers protest nightclub taxi attack	Sunday Mail	24 March 2011	Up to 500 disgruntled taxi drivers have rallied to protest that ongoing acts of violence are not taken seriously. Three drivers were allegedly attacked near the intersection of North Tce and West Tce early Thursday morning.
Inquiry to drive taxi sector in new direction	The Age	29 March 2011	The state government launches an enquiry into the way the Victorian Taxi Industry operates.



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