

## SYDNEY'S TAXI INDUSTRY

Dr P Loveday  
Director  
Traffic Planning Pty Ltd  
Woolloomooloo  
New South Wales

### ABSTRACT

*This paper discusses the operational aspects of the Sydney taxi industry which has over 4,000 taxis on the road. The industry provides a very effective service and accounts for a relatively large proportion of the Sydney CBD's trips over a 24 hour weekday period. As part of the public transport industry taxis are subject to regulations from a number of areas. One of the contentious points between the regulating authority and taxi operators is the allocation of new taxi licences. The existing taxi licences, because of their scarcity, are worth close to \$200,000. The method for issuing new licences does not appear to have any numerical basis although there have been measures introduced, such as random breath testing, which have increased the demand for door to door transport services. In addition to RBT has been the introduction of the taxi subsidy scheme which provides the disabled with subsidised access to specially designed taxis which provide an efficient service for one sector of the community. Many complaints about the service offered by the taxi industry have been received and some of these complaints are investigated further in this paper.*

*The paper concludes with a set of recommendations for the future taxi operations in Sydney.*

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### 1.0 INTRODUCTION

The role of taxis in large metropolitan areas is invariably underestimated. It has been estimated by the Traffic Authority (1988b) that taxis account for approximately 10% of weekday traffic in Sydney's CBD. In order to achieve this high degree of penetration the industry has to be flexible but obviously as part of the public transport system the vehicles and drivers must be regulated in order to do the job effectively and safely. The public tends to be aware of the user needs and how those needs are or are not being met. The public attitudes tend to be focussed on the drivers and their conduct. The regulating agencies tend to be preoccupied with the licences and their values rather than how many taxis and drivers are required to provide an efficient taxi service.

This paper discusses these issues and others after providing information on the existing Sydney metropolitan taxi fleet and its drivers. Future actions needed to improve the taxi industry are also considered.

### 1.1 Taxi Use In Sydney

The data available on taxi use is not substantial. The Australian Bureau of Statistics (ABS) provides information on journey to work by various modes including taxis. According to the ABS data (1986) approximately 12000 people in the Sydney metropolitan area travelled to work or at least part of the way on census day (30 June 1986).

Table 1 provides a breakdown of the number of people using various modes of transport to work including taxis as recorded by the 1981 and 1986 censuses. From Table 1, it is apparent that there has been no increase in the overall use of taxis as a mode of travel to work between the census data of 1981 and 1986. However some areas like Woollahra municipality have a relatively high proportion of taxi use (i.e. 3%) when compared to the overall usage (1%). It should be remembered that journey to work trips by taxi are only one of the many trip uses made by taxi in Sydney.

In addition to the ABS data there have been classified cordon counts undertaken in Sydney on the edge of the CBD in both 1979 and recently in 1987 (See Table 2). Table 2 provides the data for the Sydney CBD cordon counts relating to taxis. From this table it can be calculated that there has been a significant increase in taxi movements which equates to an annual growth of approximately 4%. The most dramatic growth occurred in the late afternoon period (3.30pm to 6.00pm). The 1979 cordon count also included data on taxi occupancy which indicated an average occupancy figure of 2.15 persons including the driver whereas taxis were empty on 14% of all observations.

As part of the Sydney CBD Traffic Management Study surveys were conducted at hotels and data on taxi usage was established by the Traffic Authority (undated). International hotels generated between 15 and 27 taxi trips per hour with an average taxi occupancy of 2.4 to 2.7 people (driver + 1.4 to 1.7 visitors). From the sample of hotels chosen it was possible to establish a taxi generation rate of 1 taxi per hour per 10 hotel rooms with average pick-up and setdown times of 2 to 3 minutes. From the same study it was also noted that substantial numbers of taxis were generated at bus stations and major ferry terminals.

Table 1: Number Of People Using Various Modes Of Transport To Travel To Work, 1981 and 1986

Area	Train	Bus	Ferry	Taxi	1981			Total	% Taxi To Public Transport	% Taxi To All Modes	Taxi Trip Per 1000 Population	% Inc in Taxis '81-'86
					Car Driver	Car Passenger	Other					
					1981							
Sydney	4861	7524	158	1026	8872	1712	7768	31921	8%	3%	12	
Woollahra	4258	4955	64	677	11240	1673	1871	24741	7%	3%	13	
Other Eastern Suburbs (1)	9429	27719	177	1736	44633	8710	7612	100016	4%	2%	8	
Northern (2)	9141	10703	2545	844	30336	4647	6001	64217	4%	1%	7	
Western (3)	13220	20417	863	1006	38941	7299	8366	90112	3%	1%	5	
Rest of Metropolitan	173336	86978	6675	6551	591072	105315	57208	1027135	2%	1%	2	
Total	214245	158296	10482	11840	725094	129359	88826	1338142	3%	1%	4	
1986												
Sydney	5018	6486	128	1316	9885	1757	7772	32362	10%	4%	15	28%
Woollahra	3673	4482	48	776	11386	1606	1665	23636	9%	3%	15	15%
Other Eastern Suburbs (1)	8780	24302	155	1622	43571	7389	6940	92759	5%	2%	8	-7%
Northern (2)	8800	10202	2305	883	31587	4320	5516	63613	4%	1%	7	5%
Western (3)	12521	17884	810	1064	40807	6471	7182	86739	3%	1%	5	6%
Rest of Metropolitan	164319	74338	6487	6203	636942	99455	52680	1040424	2%	1%	2	-5%
Total	203111	137694	9933	11864	774178	120998	81755	1339533	3%	1%	4	0%

- (1) Botany, Waverley, Randwick  
 (2) Lane Cove, North Sydney, Willoughby  
 (3) Ashfield, Drummoyne, Leichhardt, Marrickville

Source: Australian Bureau of Statistics, 1981 and 1986 censuses.

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Table 2: Taxi Cordon Counts 1979-1987

Time Period	Inbound		Outbound	
	1979	1987	1979	1987
7.00-9.00am	2236	2437	1419	2249
9.00-11.30am	4359	4695	3572	4724
11.30-1.30pm	3089	3414	2643	3541
1.30-3.30pm	2526	3149	2406	3234
3.30-6.00pm	2403	4718	2437	4639
<b>TOTAL</b>	<b>14613</b>	<b>18413</b>	<b>13477</b>	<b>18387</b>

Source: Department of Main Roads (1979)  
Traffic Planning Pty Ltd (1988)

From these data sources it can be seen that the taxi industry is in a period of steady growth. Obviously the growth of tourism (especially overseas tourism) results in increased taxi use. Tourists like the idea of a door to door service and find the Sydney taxi charges attractive.

From discussions with taxi industry representatives, it is thought that demand for taxis will continue as a result of greater use by the business community and tourists. Obviously as the control of car parking continues in central Sydney there is likely to be an increase in taxi use. There are instances of taxi travel being provided as part of job packages especially where start and finish times are outside the normal 8am to 6pm core periods. This provision has occurred in the international banking sector and the computing industry. Consequently the growth in taxi use is expected to be at least 4% per annum.

The taxi industry estimates that a 10% per annum growth rate is more likely. On the basis of that level of growth it would appear that a growth in the taxi fleet should be of similar proportions. A 4% per annum growth would increase the existing 4250 taxis (see Section 2.0) to 4420 and a 10% per annum growth would mean 4675 taxis in the Sydney Metropolitan area fleet in the first year of growth.

### 2.0 THE EXISTING SYDNEY TAXI FLEET

As of 31st January 1989 there were approximately 4250 licenced taxis on the road in the Sydney Metropolitan area. Table 3 shows the growth of the taxi fleet over the period June 1983 to June 1987. From this Table 3 it is apparent that the recent growth in taxi licences has been very low and most of the growth has been in the restricted (time) licences. The 9200 series taxi licences must only be used during the period 2pm to 6am weekdays, twelve noon to midnight Saturdays and all day Sundays (and up to 6am Mondays). The 9200 licences are the only type of taxi licence being issued at present as it is perceived by the Ministry of Transport that there are insufficient taxis operating during night-time hours.

Table 4 shows the provision of taxis for the major metropolitan centres of Australia. One of the simplest measures of taxi provision is the ratio of taxis per head of population. From Table 4 it is apparent that Sydney, Melbourne, Brisbane and Hobart have similar levels of provision on the basis of taxis per head of population. However even within a population centre there are huge differences in the use of taxis (see Table 1).

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Table 3: Taxi Licences in Sydney Metropolitan Area  
on 30 June each year 1983 to 1987

Year	Type of Licence			Total	% increase
	Unrestricted	Restricted	9000/9200 Series		
1983	2457	1172	-	3629	-
1984	2462	1172	-	3634	0.1
1985	2464	1311	-	3775	3.9
1986	3686	-	239	3925	4.0
1987	3712	-	252	3964	0.1

Source: Department of Motor Transport

Table 4: Licenced Taxis for Major Australian Metropolitan Centres  
January 1989

Metropolitan Centre	Total Taxis	Taxis per 1000 population*	Approximate Taxi Licence Value (\$)
Sydney	4250	1.2	185,000
Greater Melbourne	3040	1.1	110,000
Brisbane	1460	1.3	126,500
Perth	969	0.9	130,000
Adelaide	860	0.9	95,000
Canberra	174	0.7	130,000
Hobart	209	1.2	40,000

\* Using 1986 ABS Census statistics.

Source: NSW Taxi Council.

## 2.1 The Vehicles

In New South Wales as in other Australian states locally produced sedans (primarily Ford Falcons) form the basis of the existing taxi fleet. There are a whole range of other vehicles (both imported and locally produced) that make up the total vehicle fleet. There are no regulatory requirements in New South Wales on the maximum age of taxis. The vehicles are inspected every six months and unroadworthy vehicles are not relicenced. This arrangement allows owners and operators opportunities for personal vehicle choice.

In the last two years Sydney has seen the introduction of the Metrocabs - a specific English built and designed taxi. Initially the design was so different that these vehicles were not popular with customers. In addition to some early mechanical problems, there was some general reluctance on the part of both customers and operators, to use these vehicles. That reluctance has now completely changed to a preference on the part of both customers who enjoy the spacious passenger area, ease of access and opportunity to carry four passengers in comfort. The operators enjoy the manoeuvrability and driver security as well

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as becoming accustomed to the diesel engine performance. In the light of the recent change in attitude it could well be Sydney that will have a similar size fleet of Metrocabs to the 1000 or so that presently operates in London.

In Sydney the murder of three taxi drivers in 1981 caused concern in terms of the type of modifications that could be implemented to enhance driver safety. At that time it was thought that security screens between the driver and rear seat passenger might be the solution. However during that time, American taxis were having security screens removed from taxis as they did not reduce driver assaults or robbery attempts. Luckily shortly after the 1981 murders the 'silent alarm' was introduced into Sydney taxis so the location of the individual taxis can be established by the radio control room. Since that time (1981) only one taxi driver has been murdered on the streets of Sydney. The use of the silent alarm and the introduction of vehicles like the Metrocab has seen an improvement in both passenger comfort and driver safety.

### 2.2 Taxi Drivers

Unlike the slow but steady increase in taxi licences the number of licenced taxi drivers has fluctuated in the Sydney metropolitan area over the period 1983 to 1987 (see Table 5).

The reason for the fluctuation is mainly attributed to the high proportion of part-time drivers. There are no figures available on the number of regular full-time drivers but industry sources suggest that approximately 9,000 drivers are employed on a full time basis as of 31 January 1989. This figure would suggest that over 10,000 drivers work part-time. The concept of having a large reserve of part-time drivers does allow the unpopular shifts (night-time and weekends) to be filled.

If it was suggested that taxi drivers had to work a minimum number of shifts per year to keep their licence, this would be difficult to police and could also result in a loss of those drivers who only wish to work an occasional shift.

Table 5: Taxi Driver Licences in the Sydney Metropolitan Area  
as of 30 September, 1983-1987

Year	Number of Taxi Driver Licences
1983	18912
1984	18925
1985	18021
1986	18864
1987	19944

Source: Department of Motor Transport

There is no data available on the ethnic background of drivers but it has been postulated by the taxi industry that as many as 80% of drivers were born outside of Australia.

### 2.3 Driver Training

At present to obtain a taxi licence for New South Wales, applicants have to comply with the following steps:

- (i) make a written application
- (ii) take a locality test including use of street directory
- (iii) attend a lecture on taxi safety and regulations
- (iv) be subject to a Police check for criminal record
- (v) be subject to a medical examination
- (vi) if an existing class 1 licence holder (normal private car licence), be subject to an additional test
- (vii) attend a lecture on dealing with the public (new in April 1989).

There are private schools available for taxi driver training which give guidance to new drivers. The list of requirements for the driver are not as rigorous as London's 'knowledge' but the above list does indicate that there are a number of hurdles that have to be overcome to gain a taxi driver's licence in New South Wales.

It is possible to increase the difficulty of driver skills required in terms of the geographical knowledge of the driver or the ability to understand English but that only deals with new entrants to the pool of taxi drivers. The way to improve the total taxi driving workforce would be to require regular retesting (say once every 2-3 years) which would mean testing between 125 and 200 drivers per week. Such a task would require a purpose designed taxi testing centre.

Another means of improving the driving workforce would be the introduction of a regulation that resulted in taxi drivers who were convicted of serious driving offences whilst driving a taxi to be retested or at least be subject to instructions given by a joint industry/state government panel. In addition if a driver was subject to a number of public complaints that driver could be subject to disciplinary action or be required to attend mandatory driver retraining.

### 3.0 PUBLIC ATTITUDES TO TAXIS

The Roads and Traffic Authority (previously the Department of Motor Transport) conducted a survey of complaints through a telephone 'hotline' between June and December 1988. During this period a total of 718 complainants called in with 1103 complaints. Table 6 summarizes the complaints.

From Table 6 it can be seen that the largest single complaint was about driver rudeness or verbal abuse (20%). In addition the problem of drivers not accepting a fare when vacant (10%) or not completing a fare (6%) were other common complaints.

There were very few complaints (1%) about the vehicles and very few complaints about drivers' command of the English language (1%) but other driver habits especially their driving manner did attract a substantial level of complaint (7%).



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Table 6: Complaints received relating to Taxis and their drivers  
(June 1988 to December 1988)

Area Of Complaint	Number of Complaints	%
1. False Information	33	
. Driver giving false information etc	33	3
2. Refuse Hire	116	10*
. Refuse to accept when 'VACANT'	64	6*
. Fail to complete a hiring	180	16
3. Multiple Hire	40	
. Multiple hire without consent	14	
. Tout for hire	10	
. Other - taxi stand irregularity	64	6
4. Undue Delay/Long Route	74	
. Failure to drive shortest route	29	
. Co-op delay/lost bookings	36	
. Late for booking	139	13
5. Driver's Ability/Appearance	80	7*
. Driving dangerously	46	
. Lacked knowledge of destination	14	1*
. Poor English	12	
. Driving off while passenger alighting/boarding	8	
. Poor dress	22	
. other bad habits - smoking, eating, drinking, alcohol, drugs	182	16
6. Driver conduct	220	20*
. Driver rude/verbal abuse	35	
. Physical abuse/intimidation	12	
. Sexual harassment/inuendo	267	24
7. Vehicles	2	
. Vehicle unclean	9	
. Not fit for public use	11	1*
8. Charges	113	
. Demanding more or other than prescribed fare	15	
. Wrong change	10	
. Set meter on before hire	13	
. Others - demand cash, no receipt, booking fee	151	14
9. Lost property	76	
. Lost property not handed in	76	7
TOTAL	1103	100%

\* see text for comment

Source: Roads and Traffic Authority



The new video on serving the public will help to improve the relationship between drivers and their customers. The problem of physical abuse is a criminal offence and can be handled by the police. Overcharging offences are covered by the Motor Vehicle Regulations and the former Department of Motor Transport was active in prosecuting for such offences.

It would appear that there are opportunities for the taxi industry to continue with its existing policy of improving the image of the Sydney Taxi Industry, such as the recent 'Proud to be a Sydney Cabbie' driver uniforms and suggestions to drivers on how to improve their relationship with their customers.

#### 4.0 VALUE OF THE TAXI LICENCE

The only real value of a Sydney Metropolitan Area taxi licence is the cost of production (approximately \$5 at 1989). Any additional value (apart from the administrative costs in procuring a licence) is brought about by scarcity, i.e. demand for licences is far greater than their supply. In an open market arrangement any person who meets the basic requirements would be able to obtain a government licence consequently there would be no point in paying an existing operator anything for an existing licence other than the licence fee.

At present the value of an unrestricted Sydney Metropolitan taxi licence is close to \$185,000. Obviously that value can only be realised if a transfer or trading in licences continues to be legalised. The State Government creates the scarcity value by restricting the supply of taxi licences and then encourages the values to be realised by allowing the transfer to take place. The State Government also takes a 2½% commission on the sale of a licence which in the case of a \$185,000 licence transfer fee amounts to \$4625. It is often suggested that much of the value of a business is created by 'goodwill'. Goodwill is usually based on the increased value of a business (in excess of the assets) brought about by a reputation, trade secrets, or trading advantage. In the case of taxis the value of the licence has nothing to do with any of these factors - it is only a case of restriction of supply.

The question to be asked about taxi licence values is 'so what if there are high transfer values?'. The creation and continuation of high values could have the following effects:

- they encourage a continued restriction in the supply of licences which is not in the public interest when demand is increasing
- they encourage entrepreneurs who are not taxi operators to enter the market solely for the gain in capital
- they make it more difficult for existing drivers to enter the ranks of operators as the annual interest payments alone for a \$185,000 loan at 17% per annum are \$31450 (or \$605 per week).

The high value of the licence can also have benefits for a number of owner drivers who look upon the licence plate value as a means of having a lump sum payout at the end of their career in the taxi industry. In addition to this benefit the high value of the licence can assist the taxi co-operative to invest in expensive modern equipment such as modern radio rooms and computerised bookings and accounting facilities. If the licence was of little or no value it might be more difficult for co-operatives to insist on contributions from co-operative members. At present the high value of licences results in longer term careers in the industry whereas the ease of entry by an open market arrangement could result in operators entering and leaving the industry easily.

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It has been suggested in recent times that the high value of taxi licences and the continued increase in their value (see Table 7) has led to multi national organisations investing in the Sydney taxi industry. Table 7 indicates that in recent years the increase in the value of taxi licences has been substantial (36% to 39%). However even with such increases there is no evidence to suggest influx of large organisations into the Sydney taxi industry has taken place. The continued argument put forward for the State Government to restrict the supply of new licences is that to increase the supply would devalue the existing licences. The State Government has a responsibility to supply efficient public transport at a reasonable price. It does not have a role to protect the investment of existing licence holders in the same way that it does not protect the value of housing in an area nor the viability of commercial premises in the case of a future town centre by-pass.

Table 7: Monthly Averages of Taxi Licence Values, 1985 to 1988

Month	1985 (\$)	1986 (\$)	1987 (\$)	1988 (\$)
January	80,123	82,639	84,395	132,551
February	78,021	82,353	85,558	133,930
March	77,330	82,395	89,599	141,410
April	76,645	82,125	96,856	148,280
May	76,365	81,976	103,145	152,708
June	76,861	81,732	106,393	156,464
July	77,404	81,780	110,881	157,694
August	78,000	80,220	115,250	159,681
September	78,686	80,746	119,554	163,866
October	79,701	80,728	142,257	168,722
November	81,550	81,687	145,327	170,257
December	82,645	82,683	134,987	175,355
Average	78,611	81,755	111,184	155,077
% increase	-	4	36	39

Source: Department of Motor Transport

The State Government should continue to auction taxi licences or put them up for tender so that the public receives the revenue. A recent auction of restricted licences produced an average price of approximately \$129,000. There are always fluctuations in the value of any commodity and the taxi industry is used to such fluctuation but it should not consider it a right that values will always continue to increase.

The New South Wales Government should ensure that there is an adequate supply of taxis to meet demand using the indicators set out in Section 7 below.

### 5.0 THE TAXI SUBSIDY SCHEME

The New South Wales Taxi industry now provides a public transport service for the disabled through the Taxi Subsidy Scheme. In the Sydney metropolitan area the scheme, which provides a cheap efficient transport service 24 hours a day for the disabled, is now operational using the infrastructure of the taxi industry.

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In 1982 the New South Wales Government suggested to the taxi industry that it would like to introduce a scheme to transport the disabled. The basic requirement would be that the industry would provide a demand responsive facility offering a door to door service using special vehicles with appropriately trained drivers to carry people with special needs for the normal fare.

The industry was sceptical about the success of the venture as the specially purpose taxis (SPT) cost approximately three times the cost of a normal vehicle. The scheme commenced but several problems were noted including the following:

- (i) poor response time—often in excess of 2 hours
- (ii) high turnover of drivers due to lack of continuous work.

However in the last couple of years the management of the Taxi Subsidy Scheme has been under a joint taxi industry, Ministry of Transport, and consumer group committee which has eradicated problems (i) and (ii) above. The Taxi Subsidy Scheme now has 75 SPT vehicles operating in the Sydney Metropolitan Area which consists of 28 stretched Ford Falcons, 25 Metrocabs and 24 Urvan type vehicles. The passenger pays 50% of the metered fare and then supplies the driver with a subsidy coupon for the remaining 50% of the fare. The driver cashes the coupons at the co-operative office which in turn is reimbursed by State Transit within 30 to 60 days.

The success of the scheme in recent years has resulted in a greater demand from patrons who receive quick response times from the special taxis with drivers who are experienced in this type of work. The recent success of the scheme shows how one section of the community can enjoy improved mobility by the use of the flexibility offered by the taxi industry with administrative and financial support from the State Government.

### 6.0 TAXI INVOLVEMENT IN ROAD CRASHES

In Section 3 above it was apparent from complaint responses that dangerous driving was one of the most prevalent complaints levelled at taxi drivers. It might then seem reasonable to expect taxis to be over represented in road crash data compared with other road users in New South Wales. Crash data on the involvement of taxis in reported accidents was supplied by the Road Safety Bureau of the Roads and Traffic Authority.

Table 8 sets out the data on crashes involving taxis for the period 1985 to 1987 inclusive. At the end of 1987 there were approximately 4000 taxis licenced and they would have constituted approximately 0.1% of the NSW vehicle fleet. It could be argued that taxis are over represented in terms of crashes at all levels. However when the concept of exposure is applied to the hypothesis then there is could be a different conclusion. If it is assumed the average taxi travels approximately 120,000 kilometres per annum (from industry comments it is thought to be closer to 150,000 kilometres) and according to the Traffic Authority of NSW (1988a) the average private motorist covers approximately 16,000 kilometres per annum then there is a conservative ratio of exposure of 7.5 to 1 in favour of taxis. Taxis represent approximately 0.1% of the vehicle fleet but have a 7.5 higher exposure than private cars so it could be expected they would have something like 7.5 times 0.1% (0.75%) involvement in accidents. In fact they have an involvement of closer to 4% of accidents. From this type of discussion it is

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obvious that taxis are over represented in the present accident statistics. By looking in detail at Table 8 the following comments are apparent:

- (i) crashes involving taxis have remained relatively constant over the three year period
- (ii) non-injury crashes account for approximately 63% of all taxi crashes
- (iii) fatal and serious injury crashes account for less than 6% of all taxi crashes.

From these remarks it can be suggested that:

- (a) There is evidence to suggest that taxis continue to be involved in crashes on a regular basis and consequently there is a need to improve driver training for all drivers. It would be easiest to start with improving the training of new drivers and then introduce education for existing drivers at a later stage
- (b) The number of drivers is quite high compared to the number of licenced taxis. It would be easier to implement a system of penalties for taxi drivers that could eventually lose their driving licence if continued driving offences occur without reducing the total pool of drivers substantially
- (c) The careless and reckless driving habits of taxi drivers should be eradicated as taxis form part of the public transport system which suggests that patrons should be carried in a safe, efficient and comfortable manner.

Table 8: Accident Statistics for NSW Taxis 1985 to 1987 inclusive

	1985			1986			1987		
	Taxi	%	Total	Taxi	%	Total	Taxi	%	Total
<b>Sydney Metropolitan Area</b>									
Fatal	7	1.8	386	10	2.7	365	6	1.7	346
Serious injury	101	3.1	3237	91	2.8	3219	26	2.9	3297
Other injury	449	3.6	12560	498	4.1	12116	530	4.2	12476
Non injury	1211	4.3	28400	1173	4.3	27124	1299	4.7	27642
Sub-total	1778	4.0	44583	1772	4.1	42824	1931	4.4	43761
<b>All New South Wales</b>									
Fatal	9	0.9	954	13	1.4	908	6	0.7	858
Serious injury	128	1.8	7245	106	1.5	7135	121	1.7	7024
Other injury	523	2.5	20801	573	2.8	20240	601	2.9	20643
Non injury	1337	3.2	41848	1281	3.2	40381	1421	3.5	40689
Sub-total	1997	2.8	70484	1973	2.9	68664	2149	3.1	69214

### 7.0 THE FUTURE SIZE OF THE TAXI FLEET

A taxi cab in NSW is a licenced vehicle and the number of licences issued by the Roads and Traffic Authority is the only way of regulating the supply of taxis on the street. Ideally there should be an approximate matching of supply and demand.

## LOVEDAY

The demand for taxis can be gauged by a number of indicators which may include the following:

- . passenger utilisation
- . changes in use patterns of various user groups
- . waiting time at ranks
- . waiting time for radio bookings
- . public expectations
- . profit per taxi.

Each of the above indicators has merit but ideally a combination of these factors would be preferable in a perfect arrangement for estimating taxi demand. There are attempts to measure some of the above indicators in some Australian cities (Adelaide, Brisbane and Melbourne) but that is not the case in Sydney. Generally in Australia the supply of taxis is increased on an irregular basis and generally in small batches (0-20 seems a popular increase range). The logic for the increase in the taxi fleet is to appease the public criticisms for insufficient taxis on the street and a part solution to the long list of drivers who wish to become taxi operators. The relatively small increases in taxi licences (in some cities there has been no increase for many years) is a means of not seriously upsetting the existing licence holders who might feel a substantial increase in the number of licences would devalue the market value of the license (see Section 4).

It would seem that to further gauge the existing demand for taxis a range of additional available data can be collected other than that cited above and could include:

- . number of transfers of licences and
- . value of licences transferred
- . amount of radio hirings
- . availability of taxis at ranks through inspections
- . public complaints on taxi availability
- . demographic changes
- . changes in the area (more tourists, business people)
- . changes in public transport penetration/service
- . information from the industry.

In the recent past there have been special instances that have resulted in an increased need for taxi use. The two aspects that are worthy of special note are:

- (i) the introduction of random breath testing (RBT).
- (ii) the use of taxis as part of the transport for the disabled scheme (See Section 5.0).

Both of the above examples have increased the demand for taxis but in the case of (i) above it has meant the demand at night-time whereas (ii) requires a special vehicle. In those instances where the licencing authority wishes to increase the supply they can issue time restricted licences or specific use licences.

### 8.0 THE FUTURE OF THE SYDNEY TAXI INDUSTRY

From the above sections the following remarks are set down as future goals perceived by the author as being important to enhance the existing Sydney taxi operation:

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1. The existing service provides a significant number of people with door to door service especially close to the Sydney CBD. That service generally caters for the business people, tourists, travellers to work from the inner suburbs and those who require public transport outside the 'normal' operating hours of buses and trains. Apart from the latter group the majority of taxi trips are locationally dependent and result in regular taxi destinations and regular corridors of taxi activity. In the recent Sydney Traffic Management strategy study it was found by the Traffic Authority (1988b) that on some roads taxis account for as much as 20% of the traffic at certain times of the day.

Obviously when new developments are contemplated such as hotels, entertainment areas and large new business centres the provision of taxi set down/pick up facilities as well as taxi ranks is a necessity.

2. From existing surveys it has been established that taxi traffic is growing especially with new industries and new regulations such as RBT. This would suggest that there should be growth in the taxi fleet if only to maintain the existing level of service. Sydney does not have a high level of taxi provision when compared with other Australian cities. However, there is a need to provide a more rational approach to the increase in the taxi fleet. Detailed surveys of a number of parameters which indicate the efficiency and level of service of the taxi service should be carried out on a regular basis.
3. There is likely to be a greater swing to purpose built vehicles such as the Metrocabs as customers experience the improved level of comfort of such vehicles. Such vehicles can also enhance driver security.
4. The taxi driver in all cities of the world is viewed as a local character. In Sydney there are approximately 9000 regular full time drivers but approximately 20000 drivers with taxi licences. It is important that there is no attempt to cull the taxi driver pool as this would reduce any future free entry into the market for new taxis and could affect the efficiency of running after hours shifts (i.e. evenings and weekends).
5. There is a need for improved driver training in association with the taxi industry. However with 20000 taxi drivers in Sydney it is also important to try to re-educate the existing drivers. All of this type of driver training requires substantial levels of government investment so perhaps it would be a start to re-educate the 'rogue' drivers (i.e. those with a poor driving record or those convicted of serious driving offences).
6. The public attitudes are always important in the running of any public transport service and the taxi complaints hotline should be continued. In addition the provision of roving inspectors to police taxi regulations should be enhanced especially at high density taxi locations (eg. airports, hotels, major retail and business centres).
7. The value of the taxi licence is something that cannot be easily changed while the supply of taxis is limited. The government receives revenue from the enhanced value via auctions of new plates as well as the commission on transfers. This issue is not affecting the efficiency of taxi operations it is only a deterrent to the provision of new licences. If there is a strong basis for the introduction of new licences then that is the important aspect rather than letting the value of a taxi licence dominate the taxi market.



## LOVEDAY

8. Taxis do appear to be over represented in current traffic accident statistics and as a result should be subject to improved driver training as well as a method of retraining 'rogue' drivers.

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