

Trade Practices Commission

188

Determination

Application for Authorisation

**In respect of an application for authorisation
lodged under s.88(8) of the Trade Practices Act**

on behalf of

**St George Cabs Co-operative
Limited (Administrator Appointed)**

Application No: A90531

*Commissioners: Johns
Asher
Spier*

File No: CA91/30

Date: 30 November 1992

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Summary

St George Cabs Co-operative Limited applied for authorisation under sub-section 88(8) of the Trade Practices Act in respect of a rule of the co-operative which makes the provision of the services of the co-operative to taxi owners and drivers conditional upon those taxi owners and drivers offering credit facilities approved by the co-operative, and displaying the decals of approved facilities (in this case, Cabcharge).

The Commission concluded that as long as taxi owners and drivers were not precluded from providing credit facilities other than Cabcharge in addition to Cabcharge, the proposed conduct would result or would be likely to result, in such a benefit to the public that the proposed conduct should be allowed to take place.

1. The application

1.1 On 2 December 1991 St George Cabs Co-Operative Limited (Administrator Appointed) (St George) lodged an application for authorisation (A90531) with the Trade Practices Commission (the Commission) under sub-section 88(8) of the Trade Practices Act 1974 (the Act). The application relates to conduct covered by part of St George's rules administering the operation of St George taxi cabs. A copy of the application and supporting submission (including amendments) is at Attachment 'A'.

1.2 St George describes itself as a Co-Operative of taxi owners providing taxi services including telephone and radio booking facilities. It was formed as a trading co-operative society under the *Co-Operation Act, 1923 (NSW)*, and carries on business in the Sydney metropolitan area. St George has acquired the taxi hiring charge service offered by Cabcharge Australia Pty Ltd (Cabcharge).

1.3 The conduct for which authorisation was originally sought is described in the application in the following terms:

- (i) The penalising or suspension from the use of radio booking facilities by the Co-Operative of members or drivers of the Co-Operative or of members as a result of the failure by members or drivers to display radio numbers and/or decals of Taxi Hiring Account Systems which have been approved from time to time by the Directors and/or failure of those members or drivers to accept those hiring account systems in satisfaction of fares for any hirings.
- (ii) The penalising and/or suspension from the use of radio booking facilities by the Co-Operative of members who display decals of accounting systems other than those systems approved by the board and provided uniformly by members.

1.4 St George later lodged an amendment to para 2 of its application, in the following terms:

Paragraph 2 (b):

Replace Item 2 (b) (i) with the following:

The penalising or suspension from the use of radio booking facilities by the Co-Operative of its members or drivers as a result of the failure by members or drivers to display radio numbers and/or decals of Taxi hiring accounts or other credit systems which have been approved from time to time by the directors and/or failure of those members or drivers to accept those hiring account or other credit systems in satisfaction of fares for any hiring.

Omit Item 2 (b) (ii).

1.5 St George says that these amendments have been made to the rules administering the operation of its taxis.

1.6 St George says that its application is based on the application made by DeLuxe Red and Yellow Cabs Co-Operative Trading Society Ltd (DeLuxe) (A30112), and that it '... relies upon the facts and contentions raised in that application as to the benefit to the public resulting from the proposed conduct'. Additional public benefit arguments are proposed by St George in its submission supporting this application.

1.7 Although the wording of the clause, for which authorisation has been sought, refers to penalties that may be applied, St George says that in practice, apart from suspension, no monetary penalties by way of fines are imposed, and no documentation exists indicating fines for transgressions by drivers.

1.8 Under the agreement between St George and Cabcharge of 27 August 1991, if less than 95% of St George drivers display Cabcharge signage on cabs, St George is in breach of that agreement. Individual owners or drivers who do not display Cabcharge signage are warned and if the warnings are not complied with, the cab may be suspended.

1.9 The St George rules allow members and drivers to display and accept other credit cards or facilities, in addition to Cabcharge.

1.10 St George currently operates 201 taxi cabs. The Sydney Metropolitan taxi cab market numbers approximately 4,300 cabs.

1.11 St George says that it has chosen to adopt the system offered by Cabcharge because of increasing financial difficulties associated with operating its own taxi credit system.

2. Operation of Cabcharge hire card facilities

2.1 Members of St George use the facilities of the taxi credit service provided by Cabcharge.

2.2 When hiring a taxi cab, a client, or person authorised by a client of Cabcharge, may use a pre encoded Cabcharge account form which must be completed and passed to the cab driver at the end of the journey. The form is later passed on to the co-operative, and then to Cabcharge. Cabcharge redeems accumulated account forms monthly by paying the fares to the co-operative which in turn pays its drivers. Alternatively Cabcharge hirer clients may utilise the facilities of a Cabcharge credit card. The pre encoded account form however is particularly suitable for corporate taxi cab hirer clients who may authorise an employee to take a particular trip which involves the use of only one account form and not the general facility of a credit card.

2.3 Cabcharge has entered into licensing agreements with a number of co-operatives permitting them to use its name and has also entered into purchase agreements acquiring from some co-operatives the business of their existing taxi credit account systems.

2.4 In addition to its arrangements with St George and other co-operatives, Cabcharge has agency agreements with certain major providers of credit card services, they being Diners Club Limited, American Express, Motor Pass and JCB (Japanese Card).

2.5 Cabcharge says that '... there is no restriction either express or implied, placed by Cabcharge or any Taxi booking service provider upon taxi owners or drivers accepting any non-Cabcharge or non-'Approved' charge services in payment for any hirings which they may have carried out.'

3. Background to the application

3.1 The Commission has previously considered a number of applications for authorisation relating to the taxi industry in Australia. Several of these (A30122, A40047, A90447, A90448, A90449 and A90463) have concerned conduct relating to taxi hire account systems.

3.2 St George says ... (refer to paragraph 1.6 above) that it is relying on the facts and contentions raised in the application made by DeLuxe (A30112).

3.3 In that determination, the Commission did not grant authorisation to DeLuxe in respect of the following practice:

- the penalizing and/or suspension from the use of radio booking facilities by the Co-Operative of members who display decals of accounting systems other than those systems approved by the Board and provided uniformly to members.

The Commission said, at paragraph 105:

It follows from the above that the TP does not authorise the penalizing and/or suspension from the use of radio booking facilities by the Co-Operative of members who use accounting systems and other credit systems other than those systems approved by the Board and provided uniformly to members.

3.4 Also, in A30112, (at paragraph 106) the Commission granted authorisation to DeLuxe in respect of the following practice:

- the penalizing or suspension from the use of radio booking facilities by the Co-Operative of its members or drivers as a result of the failure by members or drivers to display radio numbers and/or decals of taxi hiring account or other credit systems which have been approved from time to time by the directors and/or failure of those members or drivers to accept those hiring account or other credit systems in satisfaction of fares for any hirings.

The Commission said, at paragraph 107, that:

It is a condition of the authorisation that DeLuxe does, within 30 days of the date of the determination, give to its members and drivers a written statement setting out the substance of the final determination (as set out in paragraphs 105 and 106) and that a copy of such statement be delivered to the TPC for placement on the public register.

3.5 At the same time that DeLuxe lodged A30112 with the Commission, Cabcharge lodged notifications N30627 to N30640, under section 93(3) of the Act, in relation to the provisions of purchase and licence agreements Cabcharge had entered into with DeLuxe and a number of other taxi co-operatives in regard to the use of hiring account services.

3.6 After considering the notifications, concurrently with consideration of authorisation application A30112, the Commission gave notice to Cabcharge, under section 93(3) of the Act, in the following terms:

... it is satisfied that the conduct the subject of notifications N30627 to N30640 has or is likely to have the effect of substantially lessening competition and that it is not likely to result in a benefit to the public.

3.7 Both DeLuxe and Cabcharge subsequently lodged appeals against the decisions with the Trade Practices Tribunal, but withdrew the appeals on 1 July 1986.

4. Submissions by St George

4.1 In its submission, St George says that it is relying on the facts and contentions raised in the submission by DeLuxe on authorisation A30112.

4.2 The public benefit arguments proposed in that submission (a copy of which is included with that of St George at Attachment 'A') are:

- *Consistency of Market Presentation* — where the installation of a uniform accounting system avoids public confusion.
- *Security Against forgery and Altered Dockets* — through a system that has been introduced uniformly throughout the taxi organisation.
- *Training of Owners/Drivers* — is facilitated because of the casual and itinerant nature of drivers in the industry, who find it easier to operate a uniform system.
- *Equipment and Stationery* — which are specifically designed to facilitate the provision of an accounting service within taxicabs.
- *Benefits to Taxi Organisations and their Members* — by removing the cost of funding an inhouse account credit facility and consequent processing cost from Co-Operatives, the introduction of Cabcharge generates an improved service to the public and a lower fare structure.

4.3 In regard to this application, St George has said that the following additional public benefits apply:

- (a) increasing the number of cabs available to the public who choose to use Cabcharge and consequently increasing the work available to St George members and drivers.
- (b) Saving individual members of the public from inconvenience, embarrassment and the need to complain through the lack of acceptance of Cabcharge.
- (c) The lowering of St George's taxi credit system operational cost.

5. Submissions from other parties

5.1 A copy of St George's application and submissions were sent to parties interested in the taxi cab industry in Australia.

5.2 Submissions were received from the following organisations, none of which opposed authorisation:

Ministry of Consumer Affairs, Western Australia (MCAWA).
Director of Consumer Affairs, Victoria (DCAV).
Bankcard Association of Australia.
Department of Justice, Queensland.
New South Wales Department of Transport (NSWDT).
American Express International Inc.

5.3 The following relevant comments were made in submissions:

- MCAWA said that it recognises the arguments advanced to support the application.
- DCAV said that it would have concern (as it did in Authorisation Nos A90463, A90472 and A30112) that the arrangements do not prevent cab drivers providing credit services other than those approved by the co-operative.
- NSWDT said:

'Cabcharge is a widely accepted form of credit payment for taxi services. Almost all taxi networks in NSW, and many in other States, accept Cabcharge payments.'

and

'Many passengers have in the past been inconvenienced with a refusal by St George taxis to accept Cabcharge dockets which they reasoned would have industry wide acceptance. St George has had a concomitant loss in custom. The proposal would aid industry standardisation and would ... benefit the public by lifting the overall level of service to the taxi market without any detriment from a lessening of competition.'

6. Statutory test

6.1 St George has applied for authorisation under sub-section 88(8) of the Act, which provides:

'... the Commission may, upon application by a corporation, grant an authorisation to the corporation to engage in conduct that constitutes or may constitute the practice of exclusive dealing and, while such an authorisation remains in force, section 47 does not prevent the corporation from engaging in that conduct in accordance with the authorisation.'

6.2 Accepting that the conduct can properly be characterised as third line forcing, that is to say, within the scope of Section 47(6) or (7), then the test for authorisation is that set out in Section 90(8)(iii) in the following terms:

'90(8) The Commission shall not –

(a) make a determination granting –

(iii) an authorisation under subsection 88(8) in respect of proposed conduct to which sub-section 47(6) or (7) applies, unless it is satisfied in all circumstances that the proposed provision or the proposed conduct would result, or be likely to result, in such a benefit to the public that the proposed contract or arrangement should be allowed to be made, the proposed understanding should be allowed to be arrived at, or the proposed conduct should be allowed to take place, as the case may be;

7. Commission consideration

7.1 As noted at paragraph 1.6 above, St George says that it is relying on the facts and contentions raised in the DeLuxe authorisation A30112. In addition, it has provided in its submissions, public benefit arguments specific to St George.

7.2 The Commission is not required to be guided by precedent, nevertheless it can accept what has been raised in previous submissions on authorisations and consider whether the issues raised are relevant to the current application. It must apply the statutory test at paragraph 6.2 above.

7.3 Due to the amendments effected by St George to its application (refer to paragraph 1.4 above), the Commission needs only to consider conduct, the subject of this application, which is similar to that granted authorisation at paragraph 106 of A30112.

7.4 Of the issues that were raised in submissions in respect of A30112, and accepted by the Commission, the following are relevant to St George's application:

- consumers should not be misled as to the availability of credit card services;
- members of taxi co-operatives should be required to display and offer systems such as Cabcharge which are organised by the co-operative itself;
- those systems should be accepted throughout the co-operative's network and reasonable requirements to secure that situation provide a benefit to the public;
- the business freedom of the taxi cab owners should be maintained (unless it conflicts with the fundamental interest of the co-operative) and they should be free to choose to have additional credit card systems;
- the display of decals reduces the potential for customer confusion;
- the security of the Cabcharge system is not better than that of other credit card systems and there is substantial interchangeability of imprinters used for various credit card systems.

7.5 The Commission considers the public benefits it found to apply in respect of A30112 apply to this application, and that public benefit derives from the convenience to the public of:

- customers being able to clearly see if a taxi takes Cabcharge or any other credit facility, when hailing from the kerbside, and
- the availability of a credit facility such as Cabcharge in taxis.

7.6 The Commission concludes therefore that such a benefit results to the public that the proposed conduct should be allowed to take place.

8. Draft determination

8.1 On 19 August 1992 the Commission issued a draft determination proposing to grant authorisation to the conduct, the subject of this application viz:

The penalising or suspension from the use of radio booking facilities by the Co-Operative of its members or drivers as a result of the failure by members or drivers to display radio numbers and/or decals of taxi hiring accounts or other credit systems which have been approved from time to time by the directors and/or failure of those members or drivers to accept those hiring account or other credit systems in satisfaction of fares for any hiring;

on condition that drivers are:

- (a) not penalised and/or suspended from the use of radio booking facilities, for displaying decals of accounting systems other than those approved by the board;
- (b) free to accept any non-Cabcharge or non-'Approved' charges in payment for any hirings which they may have carried out;

and that there exists no agreement between St George and Cabcharge (or any other credit provider) which would effectively hinder the application of this condition.

8.2 The decision to grant authorisation was subject to any request for a pre-decision conference pursuant to s. 90A of the Act.

8.3 There have been no requests for a pre-decision conference to be held, and neither have any additional submissions been lodged since the Commission issued its draft determination.

9. Commission determination

9.1 Accordingly, the Commission confirms its draft determination and grants authorisation to the conduct the subject of Application No A90531.

9.2 Authorisation is granted on condition that drivers are:

- (a) not penalised and/or suspended from the use of radio booking facilities, for displaying decals of accounting systems other than those approved by the board;
- (b) free to accept any non-Cabcharge or non-'Approved' charges in payment for any hirings which they may have carried out.

9.3 This determination is made on 30 November 1992. If no application for a review of the determination is made to the Trade Practices Tribunal, it will come into force on 21 December 1992. If an application for review is made to the Tribunal, the determination will come into force:

- where the application is not withdrawn—on the day on which the Tribunal makes a determination on the review; or
- where the application is withdrawn—on the day on which the application is withdrawn.

JOHN B.A. LL.M., Public Notary
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Our Ref: 8BNB:DS:3905

Your Ref:

28 November, 1991

The Commissioner,
Trade Practices Commission,
P.O. BOX 19,
BELCONNEN ACT 2616

Dear Sir/Madam,

RE: APPLICATION FOR AUTHORISATION
ST. GEORGE CABS CO-OPERATIVE LIMITED
(ADMINISTRATOR APPOINTED)

We act for the Administrator of St. George Cabs Co-Operative Limited ("St. George"). We enclose application pursuant to sub-section 88 (8) of the Trade Practices Act 1974 for an authorisation to engage in conduct that constitutes or may constitute the practice of exclusive dealing.

St. George has agreed with Cabcharge Australia Pty. Limited to join the Cabcharge System. We understand that authorisation has been granted by the Trade Practices Commission to similar agreements in the past between other taxi co-operatives and Cabcharge Australia Pty. Limited, in particular application number A30112 by Deluxe Red and Yellow Cab Co-operative Trading Society Limited. St. George relies upon the facts and contentions raised in that application as to the benefit to the public resulting from the proposed conduct and that benefit outweighing the detriment (if any) to the public constituted by any lessening of competition.

However in addition to those Grounds for the Grant of an Authorisation supplied by Deluxe in Application A 30112 there are two additional factors which are relevant:-

- (1) Cabcharge is now so widely accepted, used and understood throughout Australia by the public (and the taxi industry) that the non-provision of this account facility by St. George has caused problems for both the public and St. George members and drivers.

TRADE PRACTICES
COMMISSION
CANBERRA
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- (a) Some people are aware St. George has not taken Cabcharge and so have not used St. George, thereby restricting the number of cabs available to these persons and limiting the work available to St. George members and drivers.
- (b) Other people have assumed that Cabcharge is universally accepted and have used a St. George Cab wrongly expecting that Cabcharge would be accepted and this leads to inconvenience, embarrassment and complaints.

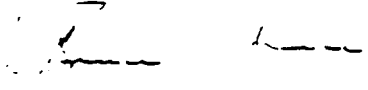
Standardisation of St. George with the balance of the industry by introducing Cabcharge throughout its network would overcome these problems.

- (2) The very high cost of providing its own taxi credit system is now too great for St. George to bear. The Co-operative has experienced growing financial difficulties to the extent that the Registrar of Co-Operative Societies appointed an Administrator earlier this year. It is the view of the Administrator, with overwhelming support from members that Cabcharge should be introduced in a standard form across the St. George network.

The private accounting system previously run by St. George is being closed down by the Administrator and Cabcharge facilities are being offered in its place. The Administrator believes that to be viable, St. George must offer a uniform source to its customers and provide Cabcharge facilities.

Any further information which the Commission may require in determining this application can be obtained by contacting our Bruce Burke or Stephen Teece. We await your response.

Yours faithfully,
BUSH BURKE & COMPANY



COMMONWEALTH OF AUSTRALIA
TRADE PRACTICES ACT 1974 - SUB SECTION 88 (8)
EXCLUSIVE DEALING
APPLICATION FOR AUTHORISATION

To: The Trade Practices Commission

Application is hereby made under sub-section 88 (8) of the Trade Practices Act 1974 for an authorisation under that sub-section to engage in conduct that constitutes or may constitute the practice of exclusive dealing.

1. (a) Name of applicant - St. George Cabs Co-Operative Limited (Administrator Appointed).
 - (b) Short description of business carried on by applicant - A Co-Operative of taxi owners providing taxi services including telephone and radio booking facilities.
 - (c) Address in Australia for service of documents on the applicant - C/- Bush Burke and Company, Level 12, 155 Castlereagh Street, Sydney, New South Wales 2000.
2. (a) Description of the goods or services in relation to the supply or acquisition of which this application relates - rights and benefits arising from membership of the Co-Operative including the use of radio booking facilities.
 - (b) Description of the conduct that would or may constitute the practice of exclusive dealing:-
 - (i) The penalising or suspension from the use of radio booking facilities by the Co-Operative of members or drivers of the Co-Operative or of members as a result of the failure by members or drivers to display radio numbers and/or decals of Taxi Hiring Account Systems which have been approved from time to time by the Directors and/or failure of those members or drivers to accept those hiring account systems in satisfaction of fares for any hirings.
 - (ii) The penalising and/or suspension from the use of radio booking facilities by the Co-Operative of members who display decals of accounting systems other than those systems approved by the board and provided uniformly by members.

- 3. (a) Class or classes of persons to which the conduct relates - members of the Co-Operative and drivers of the Co-Operative and of members.
- (b) Number of those persons:-
 - (i) at present time - approximately 160 owners and 400 drivers.
 - (ii) estimated within the next year - as above.
- (c) Where number of persons stated in item 3 (b) (i) is less than 50, their name and addresses - not applicable.
- 4. (a) Grounds for grant of authorisation - the proposed conduct would result in a benefit to the public and that benefit would outweigh the detriment (if any) to the public constituted by any lessening of competition.
- (b) Facts and contentions relied upon in support of those grounds - see covering letter and application numberr A30112 of De Luxe Red and Yellow Cab Co-Operative Trading Society Limited.
- 5. (a) Does this application deal with a matter relating to a joint venture - see Section 4J of the Trade Practices Act 1974? No.
- (b) If so, are there any other applications being made simultaneously with this application in relation to that joint venture? Not applicable.
- (c) If so, by whom or on whose behalf are those other applications being made? Not applicable.
- 6. Name and address of person authorised by the applicant to provide additional information in relation to this application - Bruce Norman Burke, Solicitor, Level 12, 155 Castlereagh Street, Sydney, New South Wales 2000.

Dated: 28 November, 1991

Signed ~~by~~ on behalf of the applicant

.....
 Bruce Norman Burke
 Solicitor for the applicant

TRADE PRACTICES
 COMMISSION
 CANBERRA

COMMONWEALTH OF AUSTRALIA

Trade Practices Act 1974 - Sub-Section 88(3)

EXCLUSIVE DEALING.

APPLICATION FOR AUTHORISATION

To the Trade Practices Commission:

Application is hereby made under sub-section 88(8) of the Trade Practices Act 1974 for an authorisation under that sub-section to engage in conduct that constitutes or may constitute the practice of exclusive dealing.

1. (a) Name of Applicant -
De Luxe Red & Yellow Cabs Co-Operative Trading Society Ltd.
 - (b) Short description of business carried on by applicant -
A Co-Operative of taxi owners providing taxi services including telephone and radio booking facilities.
 - (c) Address in Australia for service of documents on the applicant -
357 Glenmore Road, Paddington, 2021.
2. (a) Description of the goods or services in relation to the supply or acquisition of which this application relates -
Rights and benefits arising from membership of the Co-Operative including the use of radio booking facilities.
 - (b) Description of the conduct that would or may constitute the practice of exclusive dealing -
 - (i) The penalising or suspension from the use of radio booking facilities by the Co-Operative of members or drivers of the Co-Operative or of members as a result of the failure by members or drivers to display radio numbers and/or decals of taxi hiring account systems which have been approved from time to time by the directors and/or failure of those members or drivers to accept those hiring account systems in satisfaction of fares for any hirings.
 - (ii) The penalising and/or suspension from the use of radio booking facilities by the Co-Operative of members who display decals of accounting systems other than those systems approved by the Board and provided uniformly by members.
3. (a) Class or classes of persons to which the conduct relates -
Members of the Co-Operative and drivers of the Co-Operative and of members.

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(b) Number of those persons -

(i) At present time - Approximately 1200 owners and 1200 drivers.

(ii) Estimated within the next year - As above.

(c) Where number of persons stated in item 3(b)(i) is less than 50, their name and addresses - Note Applicable.

4. (a) Grounds for grant of authorisation - The proposed conduct would result in a benefit to the public and that benefit would outweigh the detriment (if any) to the public constituted by any lessening of competition.

(b) Facts and contentions relied upon in support of those grounds - See attached Statement.

5. (a) Does this application deal with a matter relating to a joint venture (See section 4J of the Trade Practices Act 1974)? No.

(b) If so, are any other applications being made simultaneously with this application in relation to that joint venture? Not applicable.

(c) If so, by whom or on whose behalf are those other applications being made? Not applicable.

6. Name and address of person authorised by the applicant to provide additional information in relation to this application - Neil Kenneth Simmons, De Luxe Red & Yellow Cab Co-Operative Trading Society Ltd, 357 Glenmore Road, Paddington.

DATED 25th February 1985

Signed by/on behalf of the applicant

[Handwritten Signature]
.....
Signature

R L Kermod
Secretary/Manager

TRADE PRACTICES
COMMISSION

APPROX. 4:40 PM

GROUND FOR GRANT OF AN AUTHORISATION -PUBLIC BENEFIT

De Luxe Red & Yellow Cabs Co-Operative Trading Society Limited (De Luxe) believes that taxi hire account systems available in the taxicabs operating within its radio network should be, as far as may be possible, standard and uniform. The reasons for this belief are detailed below.

If De Luxe is unable to exercise some control over the types of accounting systems provided within its radio network then it would be unlikely that any accounting system could be so provided efficiently or properly. The control De Luxe seeks to exercise over the types of accounting services provided within its network results in a benefit to the taxi travelling public, the members of De Luxe and their drivers.

The major aspects of the resultant public benefit are as follows:

(1) Consistency of Market Presentation

Because of the nature of the industry it is necessary that taxis providing a particular service are uniformly and clearly identified to the taxi travelling public. All taxis providing an accounting service should display the relevant decal or door sign of that service. The decal or door sign signal to the travelling public that the necessary stationery, equipment and established procedures are available in that taxi and enable them to use their particular accounting facility.

Confusion arises when individual taxis bearing the insignia, markings, colours and common telephone number of a particular taxi organisation and radio network also carry varying insignia or decals of account systems. Members of the public using the taxicab which provides an account service, not uniformly provided throughout the particular taxi organisation, may be misled that the matching and the juxtaposition of the account decal with the insignia, colours and telephone number of the taxi organisation indicates that all taxicabs within that taxi organisation provide that particular accounting service. This creates difficulties when the passenger next utilises the common telephone number of the taxi group. If the account presentation is not uniform within the taxi group the passenger will be frustrated in his desire to use his chosen account system.

(2) Security against forgery and altered docketts -
Protection both to the travelling public and taxi drivers

Systems which are uniformly introduced within a taxi radio network can establish and maintain procedures for account charging approval.

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Within the De Luxe network the Cabcharge, Diners Club and American Express accounting services have been uniformly introduced and established procedures for approving and authorising charges have been established. Any driver is able to utilise his radio to have certain charges authorised. The same provision of checking and authorisation is not available to owners who accept accounts systems which systems have not been uniformly introduced to the members of De Luxe.

In a uniformly introduced system any difficulties which may arise in the manner in which the system is provided can be more easily countered by the uniform introduction of further procedures and strategies.

If an accounting service is introduced and operated uniformly the taxi organisation is able to involve itself to some extent in the acceptance and processing of the account service dockets. Thus the member/driver benefits from being able to lodge his dockets and have these cashed by his taxi organisation and the public benefits as De Luxe is able to provide protection against forged and altered dockets by direct access and charge back to owners and drivers. This serves as a deterrent and a source of recovery where there is a forgery or an alteration.

If a service is not so introduced throughout the network but on an ad hoc basis by individual members then the Society cannot involve itself in the processing, checking and charge back of all the systems and some protection to the public is lost.

(3) Training Owners/Drivers

Because of the somewhat casual and intinerant nature of drivers within the industry, training and education for any charge system is important. If an account system is to be efficiently provided and the correct procedures followed so as to protect both customer and driver, the driver needs to be aware of the manner in which to provide the service. Constant amendment to the service will result in mistakes and inefficiencies throughout the many cabs providing the service and a multiplicity of various accounts has the same effect. Currently a De Luxe cab driver provides at least four systems within the confines of his cab, i.e. Cabcharge, Amex, Diners and the UTA scheme.

Many aspects of the Cabcharge system have been developed with the awareness that standardisation and simplicity are required to assist the effective provision of the accounting service, e.g. Cabcharge consider the considerable

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expense of issuing an annual card justified because a driver can easily identify an expired card of a previous period by its different colour. As other accounts systems have been introduced, i.e. Amex, Diners and UTA, they have been introduced along similar lines and utilising similar equipment and stationery to reduce the need for further driver education.

(4) Equipment and Stationery

The equipment and stationery of the Cabcharge system are specifically designed for the provision of an accounting service within taxicabs. :

As noted the Cabcharge card is changed annually to assist driver identification; the imprinter is smaller and handy and very durable; docket books are in books using paper that is durable and will withstand the often rough handling they receive and Cabcharge pre-encoded dockets are presented in a paper which resists alteration.

American Express and Diners Club utilise similar docket books and the same imprinter.

(5) Benefits to taxi organisations and their members

Taxi organisations, including De Luxe, were primarily formed to allow a number of taxi owners to group together to bear the high costs of providing a two-way radio service on a 24 hour basis. Traditionally the cost of operation of the radio room has been the greatest cost to the taxi groups. In recent years the cost of providing an in-house account service to its customers has also risen as the Australian public have come to accept the use of credit. The cost of processing the increase in dockets and funding the "credit" has risen. As most taxi groups are structured as non-profit taxi co-operatives, they are usually undercapitalised, they have difficulty in raising suitable funding to support this account service funding. As a co-operative the members are in effect called upon to fund the debt.

Cabcharge Australia was formed as a response to the financial pressure the increasing volume of account work placed upon individual taxi co-operatives. Cabcharge generally purchases the debts and the good will of the account service provided by a taxi group and then provides the processing at no cost to the taxi group. The financial benefit and avoidance of customer account funding has meant that subscriptions payable by members of taxi co-operatives are lower than otherwise would be the case and capital investment by the taxi companies can be directed to the purchase or improvement of telephone and radio communication systems. This has meant an improved service to the public and a lower fare structure.

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American Express and Diners Club similarly remove the cost of funding and processing from the co-operative.

Alternative - Public Detriment

In considering the public benefit arising from the subject provision, one should consider the effect of any alternative. If individual owners within De Luxe chose those account systems they would provide, without regard to what systems other members provided, the travelling public would be unable to telephone the common booking number of De Luxe and be assured of being able to use their particular choice of accounting system.

Similarly De Luxe could not advertise or promote, to the public, any one accounting service which its cabs would accept as no taxicab can effectively accommodate and provide all systems. There is a physical limitation on the number of systems which can effectively and properly be provided within the confines of a taxicab. There is a limit by regulation in New South Wales on the number of accounting systems which can be identified on the exterior of a taxicab. In that situation the use of an accounting system in any taxicab would be purely "pot luck". Such uncertainty is unacceptable in such an important arm of public transport.

The rapid growth and acceptance of Cabcharge, Amex and Diners is evidence that the public and in particular the business community see many benefits in a uniform charge system for taxi travel. Any accounting system would lose its attraction to the public if it cannot be guaranteed that a particular accounting system will be accepted within the taxi group of their choice.

The variety and choice of accounting systems should not be provided within a taxi group but between taxi groups. Accordingly each taxi group should provide accounting systems (up to a maximum number which can be effectively provided in a cab) and whichever systems these may be, they should be uniform and available in all taxis which advertise themselves as a member of that group and hold themselves out as available to accept radio bookings to the common telephone number of that group.

Cabcharge

The major accounting system provided by De Luxe is the Cabcharge taxi hiring account service and the nature of that system requires special mention. Taxis Combined Services Pty Limited, a wholly owned subsidiary of De Luxe, is the major shareholder in Cabcharge Australia Pty Limited.

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Cabcharge is a national taxi charge account system.

The system has been specifically designed for use in taxis and is unique. The system offers a service and benefits to the public, taxi organisations, their members and drivers not available anywhere else in the world. The service is available in all capital cities and many major provincial towns throughout Australia, providing access to taxis via the telephone radio communication systems of organisations providing the service as well as street hailing of any of the uniformly and clearly identified taxis in each city or town.

The service is based and dependent upon a complex and substantial national network covering radio communication and docket handling and processing.

In addition to being a national taxi hiring accounting service, Cabcharge provides the unique option of a Cabcharge card and/or pre-encoded dockets. Pre-encoded dockets provide a flexibility which has been particularly attractive to business and corporate clients as it allows staff and employees periodic access to the charge system without the allocation to them of an annual charge card.

The Cabcharge customer is also offered the option of having one consolidated account or individual accounts for each state, city or division of their operation.

Copies of each and all dockets, regardless of their source, are provided with the statement. This accounting service is of significant benefit to major users in both the public and private sectors, in being able to isolate and control a high cost area that has traditionally involved cash payment by the passenger and subsequent reimbursement by the employer.

The public's good will and acceptance of the system is based on a tight and efficient procedure and consistency of presentation that offers both service and protection to customers.

It also provides direct financial and physical benefits to the taxi industry which in turn contributes to a taxi system in Australia that is equal to the best in the world.

The benefits of this unique and specially designed accounting system flow to the public and taxi organisations, their members and drivers.

The major aspects of the public benefit are those as discussed above.

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National Benefit of the Cabcharge System

It is understood that Australia is the only country where a truly national taxi hiring accounts system is provided.

Cabcharge has been approached by representatives of taxi organisations and associations from United Kingdom, Japan, United States of America, Singapore, Hong Kong and New Zealand seeking information on the system and its development in Australia. These organisations have expressed keen interest in implementing such systems in their own countries and have sought Australian guidance and expertise.

The establishment of an international taxi hiring accounts system has been discussed at the two most recent annual conferences of the International Taxicab Association. This system is currently being introduced into Luxor Cabs (San Francisco). Arrangements between Luxor Cabs, and soon to be implemented arrangements with Computer Cabs (London) and the countries mentioned above, will result in international revenue being generated for Cabcharge and Australia.

- Cabcharge seeks to export the know-how and expertise involved in the system which it has developed in Australia. The Export Grants Board has recognised the feasibility of such export and has reimbursed Cabcharge for some of its expenditure in establishing overseas bases and contacts.

BUSH BURKE & COMPANY

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Our Ref: 8BNB:DS:3905

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Your Ref: A90531

5 February, 1992

The Commissioner,
 Trade Practices Commission,
 P.O. BOX 19,
BELCONNEN ACT 2616

Dear Sir/Madam,

RE: APPLICATION NO. A90531 FOR AUTHORISATION
ST. GEORGE CABS CO-OPERATIVE LIMITED
(ADMINISTRATOR APPOINTED)

We refer to this matter and wish to advise that we are amending our application as follows:-

Paragraph 2 (b):

Replace Item 2 (b) (i) with the following:-

The penalising or suspension from the use of radio booking facilities by the Co-Operative of its members or drivers as a result of the failure by members or drivers to display radio numbers and/or decals of Taxi hiring accounts or other credit systems which have been approved from time to time by the directors and/or failure of those members or drivers to accept those hiring account or other credit systems in satisfaction of fares for any hiring.

Omit Item 2 (b) (ii).

Other than these amendments we rely on our original application as it stands. Should you require any further information in determining this application please contact our Bruce Burke or Stephen Teece. We look forward to your response.

Yours faithfully,
BUSH BURKE & COMPANY

Bush Burke & Company

