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Manly Warringah Cabs (Trading) Co-operative Society Limited

12 Boola Place

Cromer. NSW. 2100.

10 June, 2004

The General Manager

Adjudication Branch

Australian Consumer & Competition Commission

PO Box 1199

DICKSON 2602

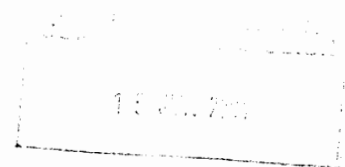
FAX 6243 1211

Manly Cabs is aware that the ACCC is considering revoking a series of authorisations granted to the taxi industry generally (following the Authorisation granted to Deluxe Red and Yellow Cabs Cooperative Trading Society Ltd in 1986) and would like to bring several factors to the attention of the ACCC.

Manly Cabs operates a taxi network which is geographically based on the Northern beaches of Sydney and has recently set up its own radio network and call centre following some years of outsourcing these facilities to Combined Communications Network.

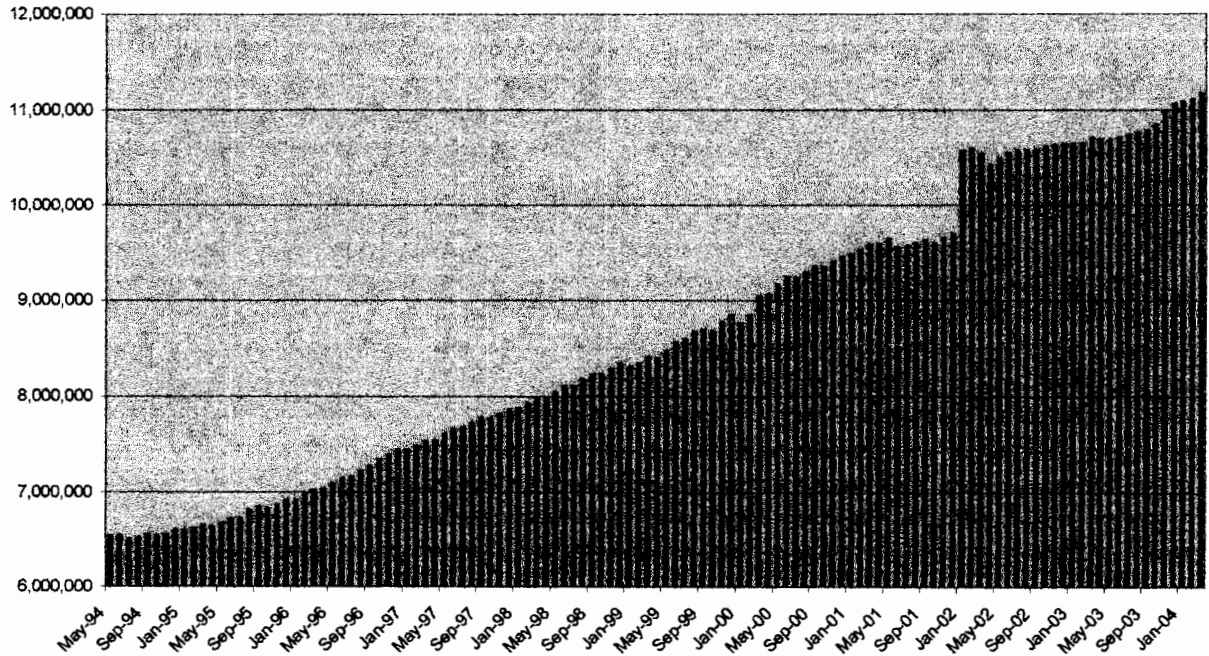
In geographically based taxi operations across Australia, like in Manly, there are few taxis from outside the local network. The rules or by-laws of the network will impact the service that the public receives and this is why networks and cooperatives have sought to mandate credit card acceptance. The public benefits considerably.

Since the ACCC Authorisations (TPC at the time in question), almost all taxis in cities have accepted credit cards. The Australian public have found benefits in using



their cards. The Commission's discussion paper quotes an increase in the volume of card payments. For taxis, we submit that a more useful metric is the number of card accounts on issue. (See chart below.) We suggest that growth in the number of cards is a suitable proxy for the propensity of someone to use one in a taxi.

No Of Credit / Charge Card Accounts in Australia - per RBA publically available data 2004.



The ACCC view suggests that this growth means that drivers will accept cards without an authorisation allowing their network to compel acceptance. This is not the case. Globally, some taxi drivers insist on cash.

The structure of the taxi industry is typically that a taxi operator makes a taxi available to a bailee driver. Many of these drivers are part time, short term or casual. Without the network rules supported by the authorisation, even though card use has grown, many drivers will simply consider involvement with credit or charge facilities too difficult and cite concerns about infrastructure or record keeping.

Think of some situations if card use were not universal in taxis.

- ❖ The end-of-night trip. A rude revelation at the destination point that cards are not accepted is not a desirable outcome for any taxi driver alone in the dark.
- ❖ The alternative, “Let’s turn around and find an ATM sir” increases cost for the public (the passengers) as once again this is always discovered at the end of the trip and a driver cannot be expected not to charge a fare for such a cash search.

This is not a request to limit the ways in which taxis process the cards. Whether they are processed according to a method favoured by the taxi driver or the taxi operator is also not an issue.

The processing path does not matter to the passenger provided disclosure is made of any surcharges. The general taxi industry acceptance of cards with surcharges has made the public accustomed to both their acceptance and any surcharges charged by common providers.

Manly Cabs knows first hand the costs that are imposed on Taxi Networks trying to meet state government regulation and answer telephone calls to New South Wales government service standards. This will not be easier if we add:

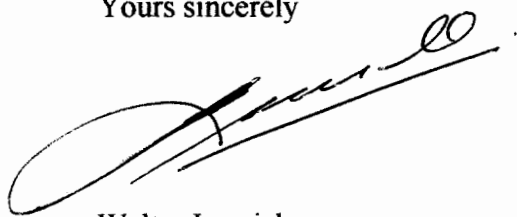
- ❖ Staff and passenger discussion about the passenger’s chosen payment method
- ❖ Apologies in advance for any difficulty of obtaining a driver who will accept that method in the area near the passenger
- ❖ Re despatching a hiring should the details on file for a given cab be incorrect.
(Without a rule, it is near impossible for us to know at the start of any given shift whether a given casual driver will accept cards today!)

International experience shows us that credit card acceptance is far from universal in the taxi industry in comparable countries without rules such as those permitted by the Commission’s Authorisations.

Taxis provide an all-important service to many groups in our community. Whether it be the end of night traveller who has no alternative, a disabled person using a subsidy charge card, or a tourist unsure of local prices and how much cash to carry; taxis' acceptance of cards is essential.

The Commission suggests that the growth of cards is a reason to cease mandating their acceptance. We submit that the documented growth in card use, coupled with known driver and passenger behaviour is a reason to continue the authorisations in place.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Walter Lussick', written over a horizontal line. The signature is stylized with a large loop at the beginning and a flourish at the end.

Walter Lussick.
General Manager.