



St. George Cabs Co-Operative Limited

ABN: 32 168 402 678



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2 July, 2004

FILE No
DATE
FILED AT

The General Manager
Adjudication Branch
Australian Competition and Consumer Commission
PO Box 1199
DICKSON ACT 2602

Attention: Ms. Isabelle Arnaud

Dear Ms. Arnaud,

RE: Proposed Revocation of Authorisation A90531 Your Ref: C2004/33

We refer to your correspondence dated 17 June 2004 and we reply as follows:

1. Relationship between St. George Cabs and Cabcharge Australia Limited

St. George Cabs are a shareholder in Cabcharge Australia Limited [Cabcharge].

St. George Cabs have a Merchant Agreement with Cabcharge. This Agreement sets out the terms and conditions by which St. George Cabs operators and drivers may transact approved cards and vouchers and provides for payment, to St. George Cabs, of a fee for processing dockets lodged by our operators.

2. St. George Cabs Fleet

220 taxis.

3. Merchant Agreement

Agreement is for a five year term from 29 November 1999. We understand that the Merchant Agreement between Cabcharge and St. George Cabs mirrors Agreements with other Networks.

4. Radio Booking Network

St. George Cabs has its own Radio Booking and Despatch Network. The service is operated for St. George Cabs by Legion Cabs under a "Booking Services Agreement".

Unit 1, Gateway Business Park, 105A Vanessa Street, Kingsgrove NSW 2208

P.O. Box 181 Kingsgrove, NSW 2208

Telephone: 9554 4000 Facsimile: 9554 4272

email: enquiries@stgeorgecabs.com.au — web site: www.stgeorgecabs.com.au

The Booking Services Agreement requires Legion Cabs to answer telephone calls, received on St. George Cabs telephone numbers, in the name of St. George Cabs. It also requires Legion Cabs to despatch St. George Cabs bookings only to St. George taxis in the first instance.

There are electronic offloading arrangements whereby if a St. George Cabs booking is not able to be despatched to a St. George taxi within a nominated time then that booking will be offered to all taxis in the Legion Cabs Bureau . Reciprocal arrangements apply to Legion and RSL bookings.

5. Cabcharge Account System

The Merchant Agreement refers to the “Cabcharge Payment Service”.

6. Cards Accepted

Any charge, credit, debit or stored value card approved by Cabcharge in writing from time to time.

At date of the Merchant Agreement the following cards were approved cards: Cabcharge, American Express, Diners Club, Motor Pass, JCB, Mastercard and Bankcard. Since that date Visa card is now approved.

7. 10% surcharge

The 10% surcharge applies to all cards approved by Cabcharge excepting dockets used as payment by holders in the Transport Subsidy Scheme.

There is a Cabcharge decal placed on the interior of taxis that makes passengers aware of the terms and conditions of use of the approved cards when used as payment for a taxi fare. This decal, which is approved by ACCC, ASIC and Office of Fair Trading, clearly advises the passengers of the 10% surcharge.

8. Terms and Conditions Imposed on Drivers / Operators

An “Operators Agreement” is an annexure to the Merchant Agreement.

Clauses 5.14 to 5.16 relate to Lost and Stolen Cards and Fraud.

Cabcharge accepts liability for all transactions except where it can be shown that the taxi driver or operator is involved in fraudulent activities related to the use of approved cards.

9. Arrangements Between St. George Cabs and its Operators

In July 2003 St. George Cabs increased its radio fees to operators and at the same time offered a discount to operators of 1% of face value of Cabcharge cards and Eftpos transacted through members accounts. The purpose of this discount was solely to encourage our operators to transact their dockets through St. George Cabs Network rather than transacting their dockets through other docket factoring businesses.

10. Other Eftpos Terminals

St. George Cabs has not approved Eftpos terminals other than Cabcharge Eftpos.

Taxi operators in the St. George Cabs Network may have other terminals of which we are unaware.

11. Terminals Available

St. George Cabs Radio Rules [By-Laws] in relation to Cabcharge Payment System make the following provisions:

Operators and drivers are required to accept approved cards when offered by passengers as payment of a taxi fare;

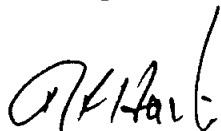
operators are required to have Cabcharge decals affixed to the front guard of the taxi advising which cards are accepted and to have a decal, affixed inside the taxi, advising of the terms and conditions for using the Cabcharge Payment System including the 10% surcharge; and

operators and drivers are required to have a Cabcharge Eftpos terminal installed in the taxi and to ensure that the terminal is operational.

12. Market Definition

We consider the 1986 Market Definition to be appropriate.

Yours sincerely
St. George Cabs Co-operative Limited



R. F. HAILE
GENERAL MANAGER