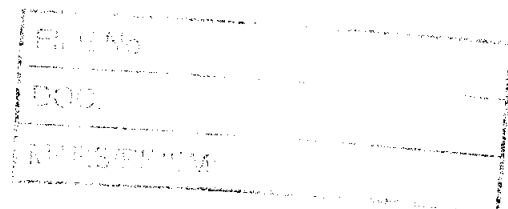


NSW TAXI COUNCIL LTD

Ref: 61/2004

HJH: dn

2nd July 2004



M/s Isabelle Arnaud
Director
Adjudication Branch
Australian Competition & Consumer Commission
P O Box 1199
DICKSON ACT 2602

Dear M/s Arnaud,

**Review of Taxi Authorisations A90411, A90448, A90531, A90449, A90447, A90463, A90455,
A40047, A90498, A40071, A90472.**

Your correspondence of 7th May is acknowledged and the contents noted.

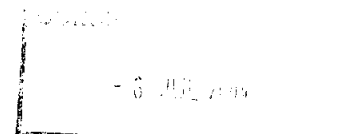
The authorisations that are under review have enabled the Taxi Industry to supply the travelling public with a consistent and guaranteed level of fare payment service with access to the most advanced Eftpos and communication technology world wide.

The structure of the taxi industry presents a unique opportunity for customer confusion and dissatisfaction not experienced by most other businesses.

A taxi network is primarily a taxi booking service. It does not actually deliver the taxi service, the taxi *driver* delivers the service. This is why the ATO requires every taxi driver to hold an ABN number and be registered for GST. As the taxi driver is the small business person who delivers the taxi service, like any other small business person, they have the right to accept what ever method of payment they choose. In businesses where the shop keeper attracts and solicits his or her own customers, this situation may be seen as desirable, in the public interest and in line with competition ideologies.

Where the customer has, for example in a shopping centre, the option of choice at the time of purchase or when looking for a place to purchase in a service directory, this assumption is most probably accurate. The structure of the taxi industry does not allow this luxury or any viable or practical alternative.

The taxi industry in the main is not able to offer this choice to the customer at time of ordering. The difficulty in the taxi industry is that without the right of a network to ensure at least one method of payment is a constant throughout its fleet of small business persons, the customer who books through a network is not able to know until the taxi arrives what payment options are available. If the taxi that arrives does not accept the customer's preferred method of payment, the



passenger can be confident at time of booking that one particular method of credit/charge payment will be available. This is particularly important to passengers who use accessible taxi transport.

The New South Wales Government is currently conducting a trial of a card-based system to replace dockets used for the Taxi Transport Subsidy Scheme for disadvantaged and wheelchair-bound passengers. The trial aims to develop a more accountable and reliable system that is less open to fraud. The entire scheme relies on the ability of networks to guarantee that the taxi providing the service is able to process the TTSS card. Since the system depends on one company to process the payments such a scheme relies upon the authorisations that are now under consideration.

The taxi industry's ability to offer this consistent method of payment service to its customers over the years has brought stability, growth and generally high levels of service to the taxi travelling public.

This stability has allowed high levels of investment into the latest technology and without this continued stability will severely reduce the investment required if the taxi industry is to continue the necessary expansion needed to keep pace with passenger service expectations.

The authorisations are about guaranteed levels of service to the taxi passenger. They are about the viability of the taxi industry and all its stakeholders. They are about sustainable growth and future service levels.

It is the opinion of the NSW Taxi Council that the authorisations currently under review do not offer in any form, restricted or uncompetitive practices. Taxi drivers are at this very time able to and are, accepting payment by any legal method they wish to offer the customer. This is healthy competition and is encouraged by the industry. But without the authorisations a customer will not have the knowledge or be able to be given the knowledge that when a taxi arrives to offer them the service they require, at least one specific payment option other than cash will be available. The structure of the taxi industry makes the above authorisations an integral part of the taxi industry's customer service delivery standards.

The authorisations do not limit competition, they guarantee an option.

The NSW Taxi Council strongly recommends that Authorisations under review remain unchanged.

The NSW Taxi Council thanks you for the opportunity to comment and strongly urges the ACCC to reconsider any thoughts it may have regarding the cancellation of the authorisations listed above.

Yours sincerely



Howard Harrison,
CHIEF EXECUTIVE OFFICER: