

RECORD OF MEETING

between

Australian Competition & Consumer Commission

and

Manly Warringah Cabs

29 June 2004, 1 pm

12 Boola Place, Cromer, NSW

Present

ACCC: Ms Isabelle Arnaud, Adjudication Branch
Mr Jason Byrne, Adjudication Branch

Manly Warringah Cabs: Mr Walter Lussick, General Manager

Ms Arnaud gave a brief overview of the review the Commission is conducting in relation to authorisations granted in the taxi industry. Ms Arnaud indicated that the authorised conduct relates to the provision of radio booking services to taxi operators and drivers on the condition that they accept the taxi hiring account system and display the decals of that system, otherwise risk suspension from the radio booking service or the imposition of a penalty. The taxi hiring account system is known as the Cabcharge Account System and includes most major credit/charge cards and Cabcharge vouchers.

Ms Arnaud asked for an overview of Manly Cabs.

Mr Lussick indicated that Manly Cabs is a co-operative owned by its members with around 168 cars, 85 taxi operators and 584 drivers. Manly Cabs set-up its own radio network on 29 June 2003 and has around 28 staff employed. Previously this function was done by Combined Communications Network. Mr Lussick indicated it is very expensive to set-up a radio network (around \$1 million) and comply with State government regulation.

Mr Lussick indicated that Manly Cabs was the first in the world to have a mobile EFTPOS system installed in a taxi-cab which became operational on 30 November 1994.

Mr Lussick indicated that Manly Cabs is able to process all transactions, except for Cabcharge transactions. If a transaction takes place with any major credit or charge card, the amount can be credited directly into the taxi operators' account for free. Manly Cabs has a computer program which allows this. The card merchant is electronically fed the card details and the amount due. Manly Cabs is immediately

informed (via computer) by the merchant if the card is valid and the amount due will be paid. The driver presenting the docket can redeem the amount due in cash or have it deposited into their account. The merchant then reimburses Manly Cabs (via Manly Cabs Bank Account) within 24 hours.

Mr Lussick indicated that Manly Cabs buys the blue and green Cabcharge vouchers from drivers and sends them in by batch once every four weeks to Cabcharge for processing. Electronic Cabcharge transactions are also only processed by Cabcharge. Cabcharge transactions are by far the greatest portion of account fares. There is a 10 per cent charge levied on the fare amount. The driver does not receive any of the processing fees. Manly Cabs receives from Cabcharge a processing fee of 2.5 per cent. The balance is retained by Cabcharge.

Mr Lussick indicated that Manly Cabs has a merchant agreement with Visa, American Express and Diners, and also has a merchant and an agency agreement with Cabcharge. Cabcharge through the agency agreement requires Manly Cabs to accept Cabcharge transactions including most major charge/credit cards and the Cabcharge blue and green vouchers, and to display the Cabcharge decals and advertise. For this Manly Cabs gets a 2.5 per cent commission from Cabcharge which equates to around \$11,500 per month.

Mr Byrne asked if taxi operators or drivers of Manly Cabs were required to accept card payments from passengers.

Mr Lussick indicated that there was nothing in Manly Cabs' Rules requiring operators or drivers to accept card payments, except if the car displays decals indicating that charge/credit cards are accepted.

Mr Lussick outlined a situation whereby they had experienced a series of rejections of dockets submitted to the card issuer by drivers via Manly Cabs' Administration Office. The exasperating aspect of the rejections was that Manly Cabs could not obtain details from the card issuer on the reasons why the rejections were made. The reason cited by the card issuer for the withholding of this information was "privacy" law. There were a considerable number of rejected dockets which caused confusion and anger to the drivers when no reason could be given to them to validate the rejections. The Board of Manly Cabs then made a decision to remove the card issuers decals from the vehicles if the operator of the taxi so desired. Further, a label was placed on the dashboard of all participating taxis notifying passengers that the particular card issuer's credit card would not be accepted. Manly Cabs estimated that ninety per cent of their cars took this action. Within ten days of this action the matter was resolved with the card issuer.

Mr Byrne asked why drivers were accepting card payments if there was nothing requiring them to do so.

Mr Lussick was of the view that it would be uneconomical for a taxi driver to refuse a fare. Manly Cabs does not and would not take any punitive action against a driver if they refused to accept payment by card, except if the car displayed decals indicating that charge/credit cards would be accepted by the driver.

Mr Byrne asked how many of the 168 cars have EFTPOS terminals and how many of them are Cabcharge terminals.

Mr Lussick indicated that around 156 cars have a Cabcharge EFTPOS terminal. There is no concern if any of the cars use a klik clak machine or any other type of EFTPOS terminal.

Mr Byrne asked if any of the cars have EFTPOS terminals other than Cabcharge EFTPOS terminals.

Mr Lussick indicated that some could have other types of EFTPOS terminals but he was not aware of any.

Ms Arnaud asked who bears the cost of fraudulent transactions.

Mr Lussick indicated that Manly Cabs is relatively small being a co-operative and will try to get the money back for the driver. If it is genuine fraud not involving the driver who has carried out the basic checks required, such as signature perusal, approval for over limits being obtained, etc. and the money cannot be recovered, Manly Cabs will generally bear the cost.

Ms Arnaud asked Mr Lussick for his view on the likely situation if authorisation was revoked.

Mr Lussick was of the view that if authorisation was revoked he would want to know that taxi-cabs would still accept cards and would not want to see a proliferation of different types of EFTPOS terminals. Customer radio hirings would entail network knowledge of the cards accepted by each of the fleet vehicles. Uniformity of card acceptance within the fleet is vital to ensure that a customer is not left stranded or embarrassed when the customer tenders a card for payment of the fare.