

RECORD OF MEETING

between

Australian Competition & Consumer Commission

and

Victorian Taxi Directorate

16 August 2004, 1.30 pm

Level 6, 14 - 20 Blackwood Street, North Melbourne

Present

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

Department of Infrastructure, Victorian Taxi Directorate:
Mr Steve Stanko, Director, VTD
Mr Garry Ellis, Manager, Policy
Mr Paul Tillig, Project Manager, Information Technology

Ms Arnaud began the meeting by providing an overview of the review of authorisations in the taxi industry and explained that the conduct covered by the authorisations allowed the Networks such as Black Cabs to provide radio booking services to taxi operators and drivers on the condition 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 covers acceptance of most major cards and vouchers.

The VTD was surprised that the conduct was limited to just cards and vouchers and questioned whether this was really the case. The VTD indicated that their understanding was that the authorisations allowed the Networks to require operators to have a specific brand of EFTPOS terminal supporting a specific payment system. The Cabcharge payment system is currently the predominant payment system.

The ACCC made the point that the applicants had expressed the view in their submissions that the authorisations did not cover EFTPOS terminals and operators were free to choose whatever terminal they preferred. The ACCC also made the point that at the time the authorisations were granted, there were no EFTPOS terminals in taxi-cabs and therefore electronic transactions would not have been a consideration at the time. The VTD remained unconvinced that EFTPOS terminals were not now indirectly covered by the authorisations. The VTD indicated that the authorisations were initially card related, as exercised through the Cabcharge payment system, independent of EFTPOS technology. However, the VTD suggested it would be

unrealistic to exclude the evolution of the payment system and the diversity of accepted cards from the current impact of the authorisation.

The VTD indicated that the Victorian Taxi Directorate is responsible for administering the Multi Purpose Taxi Program (MPTP). The MPTP is a scheme which subsidises the cost of travel for disabled people who are eligible to participate in any Victorian taxi. The metered fare is subsidised by 50 per cent up to \$25 per trip.

The VTD indicated that it is now a metropolitan taxi-cab licence condition that any taxi-cab must be fitted with an EFTPOS terminal approved by the VTD for the purpose of electronically processing MPTP transactions. The only terminal currently approved by the VTD for this purpose is the Cabcharge terminal. The VTD's contract with Cabcharge is non-exclusive.

The VTD indicated that the taxi-cab must also be fitted with an interface, approved by the VTD, between the taxi-meter and the terminal to provide meter connectivity with the terminal and maintain a continuous electronic connection between them. In this way passengers can rest assured that the amount displayed on the meter is the fare they are paying through the terminal.

The VTD indicated that every fare which is subject to a subsidy under the MPTP must be processed electronically unless there is a failure or malfunction of the electronic transaction processing system, including the terminal, which prevents the acceptance of the transaction, or where the MPTP member suffers a disability that prevents that member from being responsible for their membership card.

The VTD indicated that disabled passengers who are eligible for the scheme are issued with a smart card which they must produce when paying for the fare. Paper subsidy vouchers are now limited in use.

The VTD indicated that these measures are aimed at reducing fraud under the MPTP which in the past has been a significant issue. The VTD commented that it took some 5 years to develop and implement the MPTP system to get it to where it is now.

The VTD indicated that the current arrangements with Cabcharge are cost effective and highly competitive.

The VTD felt that in-taxi implementation of diverse and disparate technology from different suppliers was not in the public interest. The ability to provide business functionality that required well-integrated technology solutions would be almost unachievable due to the cost and the impracticalities of implementation. Clear examples of this are the implementation of the MPTP smart card system, the meter interface, and Citylink tolling – all of which would be unlikely to be implemented with more EFTPOS payment systems than currently exists.

The VTD was of the view that the industry could only realistically support two suppliers of EFTPOS terminals in the market to achieve this benefit to the public. The VTD suggested that having more than two alternative providers of EFTPOS terminals in the market is not in the public interest and would add significant costs to

the MPTP and severely limit delivery of effective technology-related services to the public.

The ACCC indicated that some of the applicants had put forward the view that if the authorisations were revoked drivers would no longer accept cards/vouchers and therefore passengers would no longer be able to pay by their preferred method.

The VTD expressed the view that these arguments did not appear to be strong. The VTD suggested that perhaps a more likely reason for the Networks wanting the authorisations to continue was that without authorisation taxi operators and drivers may feel more empowered to challenge the monopoly position of Cabcharge and seek to install EFTPOS terminals other than Cabcharge terminals.

The VTD believes that it is in the public interest for a network to require taxi operators that are affiliated with that network to offer a specific payment system to passengers. This provides the network with the ability to offer a consistent payment service to its customers and allows competition between networks at the payment system level. It would encourage some degree of competition that can be reasonably supported by the taxi industry, whilst reducing the prospect of a large number of disparate systems being installed.