

RECORD OF MEETING

between

Australian Competition & Consumer Commission

and

Mr Michael Jools

29 June 2004, 10 am

ACCC Sydney Office, 123 Pitt Street, Sydney, NSW

Present

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

Taxi Driver: Mr Michael Jools, Member of the Transport Workers' Union

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 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 cover most major cards and vouchers.

Ms Arnaud asked Mr Jools to outline his involvement in the taxi industry.

Mr Jools indicated he is a bailee taxi driver (independent contractor) and member of the Transport Workers union. He pays a fixed amount to a taxi operator for the use of a taxi, plus fuel and car wash.

Mr Byrne asked about the Taxi Transport Subsidy Scheme.

Mr Jools indicated the NSW State Government was introducing by way of an initial trial, the mandatory use of EFTPOS terminals for the Taxi Transport Subsidy Scheme. This would mean drivers would have to use EFTPOS when accepting payment from passengers who are eligible for the scheme by way of smart card.

Ms Arnaud asked whether drivers benefit from the 10 per cent processing fee on card transactions.

Mr Jools indicated the 10 per cent processing fee does not benefit taxi drivers. In the past when owner drivers were part of a co-operative they would benefit financially by the Co Op receiving a percentage of the processing fee. Now with many co-operatives

becoming corporations, there are no longer any financial benefits from the processing fee going to drivers or operators.

Ms Arnaud asked what the likely impact would be if the authorisations were revoked.

Mr Jools was of the view that without authorisation there would be more opportunity for operators and drivers to negotiate to get part of the processing fee and believed this was only fair given the time it takes to process a card transaction, which at the moment is unpaid time.

Mr Jools indicated the 10 per cent surcharge is not in the public interest. He was aware of situations where some providers of a taxi service charge less than 10 per cent to specific account customers, and have the overall option of charging less than 10 per cent when using other clearing houses than Cabcharge, but there was an inequity of power because of the authorisation which prevents competition from getting a solid foothold in the market. Mr Jools was strongly of the view that authorisation was restricting competition and the cost reductions in having efficient technology able to process large numbers of credit transactions were not being passed on to consumers.

Mr Jools indicated there was no requirement in CCNs By-Laws for taxi operators to have a Cabcharge EFTPOS terminal. But the authorisation requires the use of the Cabcharge card and if processed electronically can only be done so using a Cabcharge terminal. EFTPOS terminals are ISO compliant so any terminal can read any card, but the transaction needs to be processed and this is done by Cabcharge only, they won't release the codes to other providers which would allow them to process transactions.

Mr Jools was of the view without authorisation market forces would over time bring about more competition. Taxi operators and drivers would continue to accept credit from passengers but would be able to have a bit more negotiating power to try and eliminate some of the heavy handed tactics being imposed by the networks.