

RECORD OF MEETING

between

Australian Competition & Consumer Commission

and

Ms Michelle Strathmore

29 June 2004, 0830 am

ACCC Sydney Office, 123 Pitt Street, Sydney, NSW

Present

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

Taxi Operator and Driver: Ms Michelle Strathmore

Ms Arnaud gave a brief overview of the review that the Commission is conducting in relation to authorisations granted in the taxi industry across New South Wales, Victoria and South Australia. 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 includes most major cards and vouchers.

Mr Byrne asked about the background of Ms Strathmore's involvement in the taxi industry.

Ms Strathmore indicated that she is a taxi operator and driver with one taxi which is on the road almost 24 hours a day. She has 4 drivers covering different shifts throughout the week to cover the periods when she is unable to drive. Drivers pay a fixed amount to operate the taxi and at the end of the shift the driver must refuel the taxi and pay for cleaning of the vehicle.

Ms Strathmore indicated that as a taxi operator she is a small business and is responsible for a wide range of aspects in relation to the taxi vehicle such as maintenance, insurance and repairs, as well as the broader management aspects of being a taxi operator such as ensuring drivers are available to cover shifts, leasing arrangements and paperwork.

Mr Arnaud asked whether taxi drivers are employees.

Ms Strathmore indicated that taxi drivers are not employees, they are self-employed and are covered by an industrial award.

Mr Byrne asked what impact the authorisation was having in the taxi industry.

Ms Strathmore indicated that authorisation was restricting competition in the market by indirectly forcing taxi operators to have a Cabcharge EFTPOS terminal, by virtue of the fact that for electronic transactions with a Cabcharge card, it has to go through a Cabcharge terminal. The Cabcharge card cannot be used in a competitor's terminal.

Ms Strathmore also indicated that she should be able to negotiate the terms and conditions of arrangements in relation to transactions using EFTPOS terminals which affect her as a small business, the authorisation prevents her from doing this. Sometimes the terms and conditions imposed on her as a taxi operator are onerous with no course of redress.

Ms Strathmore claimed she was forced to bear the financial cost of fraudulent transactions resulting from faulty Cabcharge EFTPOS terminals. The Cabcharge EFTPOS terminal had approved transactions when in fact the transactions were fraudulent. Cabcharge returned these fraudulent transactions and debited her account.

Mr Byrne asked whether she has a merchant agreement.

Ms Strathmore indicated that she does not have a merchant agreement.

Ms Arnaud asked about the likely situation regarding the acceptance of cards and vouchers if the authorisations were to be revoked.

Ms Strathmore indicated that without authorisation she would continue to accept all major credit and charge cards, including the Cabcharge card and vouchers. She would not want to impede her business by not accepting these.

Ms Strathmore was of the view that without authorisation she would have more of an opportunity to negotiate the terms and conditions of the arrangements impacting on her small business.

Mr Byrne asked if there would be some drivers who would refuse to accept credit in preference for cash.

Ms Strathmore indicated that there would no doubt be some drivers, in the minority (around 3 per cent), who would insist on cash as a means of payment and would pressure or intimidate passengers to pay by this method.

Mr Byrne asked whether cash or credit was mostly used in taxis.

Ms Strathmore indicated that day time business relies heavily on payments by cards and vouchers (around 80 per cent) by professionals travelling to meet work commitments, whereas night time business tends more towards cash payments by people attending social events.

Ms Strathmore indicated that 10 to 15 years ago passengers would mostly pay by cash. With the introduction of EFTPOS the use of major credit cards and charge cards such as MasterCard, American Express and Diners has increased significantly.

Mr Byrne asked if there was a processing fee for credit transactions.

Ms Strathmore indicated that with a Cabcharge EFTPOS terminal there is a 10 per cent processing fee which is split between Cabcharge, National Australia Bank, the network and the card issuer. The taxi driver does not get any of the 10 per cent.

Mr Byrne asked about the Taxi Transport Subsidy Scheme (TTSS) and whether this still operated using paper docket books.

Ms Strathmore indicated that paper dockets were still being used in NSW and a driver must accept the fare, the acceptance of the fare under the scheme is a requirement of legislation. Ms Strathmore indicated that the NSW Government is looking to introduce smart cards similar to those in Victoria and it would be mandatory to have an EFTPOS terminal in the taxi to use the scheme. Ms Strathmore also indicated that the scheme in use in Victoria is a non-exclusive agreement between the Victorian Taxi Directorate and Cabcharge, but how the New South Wales government intended to pursue the trial/introduction was unknown.