

Your Ref: C2011/815
Our Ref: mds.ts.1143904

4 November 2011

Pamela Cue
Contact Officer
Australian Competition and Consumer Commission
GPO Box 3131
Canberra Act 2601

By Email pamela.cue@accc.gov.au

Dear Ms Cue

Third Line Forcing Notification lodged by First Class Taxis Pty Ltd - Interested Party Consultation

We refer to the above matter and confirm that we act for First Class Taxis Pty Ltd.

1.0 Response to Request for Further Information

With respect to your Request for further information, we have instructions to respond as follows:

1.1 Request No. 1

We confirm that First Class Taxis Pty Ltd will make amendments to the original Criteria list as further described in paragraph 1.3 herein.

Following this amendment, it is First Class Taxis Pty Ltd's view that all EFTPOS Suppliers should be able to comply with the requirements needed to become an Approved Supplier. Hence, there will be no impact to the range of EFTPOS Suppliers available to taxi drivers, Taxi Service Licence (TSL) holders or Taxi Service Licence (TSL) Operators.

The main thrust behind First Class Taxis Pty Ltd's Form G Notification is to mandate the use of EFTPOS units that are hardwired to the taxi cabs and the taxi cab meters. All EFTPOS Suppliers have the ability to supply such hardwired EFTPOS units. The current presence of handheld EFTPOS units is a result of technological progression.

The Notified Conduct will not affect a driver's ability to use a secondary EFTPOS terminal, provided that EFTPOS terminal can, and will be, hardwired to the taxi cab and the taxi cab meter.

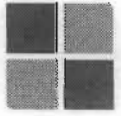
1.2 Request No. 2

At present, First Class Taxis Pty Ltd does not have a list of Approved Suppliers. First Class Taxis Pty Ltd lodged the Form G Notification with the view that it will establish a list of Approved Suppliers should the Notification be allowed to stand.

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First Class Taxis Pty Ltd presently acquires EFTPOS terminals for use in its taxi cabs from two (2) EFTPOS Suppliers. The EFTPOS terminals acquired by both Suppliers are hardwired to the taxi cabs and the taxi cab meters:

- (a) Cabcharge. First Class Taxis Pty Ltd is legally required to have a Cabcharge EFTPOS terminal in all taxi cabs, in order to allow the Drivers (Bailees) to process the Queensland Government Taxi Subsidy Scheme (TSS) card.

We **attach** for your information and records the Industry Fact Sheet on "Taxi Subsidy Scheme" prepared by Queensland Transport.

We further **attach** the information sheet titled "Taxi Subsidy Scheme - Information for drivers" prepared by the Department of Transport and Main Roads.

- (b) Live E Pay. First Class Taxis Pty Ltd have installed at the request of Taxi Service Licence (TSL) holders Live E Pay EFTPOS terminals in some taxi cabs.

It is First Class Taxi's view that upon giving effect to the amendment referred to in paragraph 1.3 herein, all major EFTPOS Suppliers currently in the marketplace are able to meet the Amended Criteria. This conclusion is drawn from a review of the websites and promotional material of the EFTPOS Suppliers included in the Interested Party List.

1.3 Request No. 3

We confirm that upon further investigation in relation to the relevant market, First Class Taxis Pty Ltd has decided to remove from the Criteria list the requirement that EFTPOS Suppliers must "provide a charge account system which gives passengers a line of credit to pay for taxi fares and related charges".

Therefore, we confirm that under the Notified Conduct, First Class Taxis Pty Ltd will reasonably approve Suppliers that satisfies all of the following criteria:

- provide a payment system which allows the Bailee to process non-cash payment systems and other payment systems as mandated by law;
- provide processing services which facilitate the distribution between First Class Taxis Pty Ltd and the Bailee of passenger fares received by way of EFTPOS;
- provide EFTPOS terminals that will be hardwired to taxi cab meters so as to allow real time visibility and recording of all transactions by First Class Taxis Pty Ltd; and
- provide a payment system which does not permit payment of any monies into an account other than accounts designated by First Class Taxis Pty Ltd.

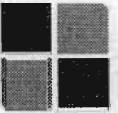
("Amended Criteria")

1.4 Request No. 4

Application and Evaluation Process

First Class Taxis Pty Ltd will establish an Application and Evaluation process to decide whether an EFTPOS Supplier can become an Approved Supplier. First Class Taxis Pty Ltd will require that the Application and Evaluation process be:

- Fair and impartial;
- Consistent and transparent;



- Secure and confidential; and
- Compliant with legislative and Occupational Health and Safety requirements.

Any of the following parties may initiate, by written notice to First Class Taxis Pty Ltd ("**Notice**"), the Application and Evaluation process with respect to a nominated EFTPOS Supplier ("**Nominated Supplier**"):

- Taxis Service Licence (TSL) holder;
- Taxi Service Licence (TSL) operator;
- Bailee (Driver), or
- EFTPOS Supplier.

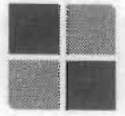
In response to a Notice, First Class Taxis Pty Ltd will send to the Nominated Supplier a checklist of Approved Supplier Requirements ("**Checklist**"). The Checklist will cover all areas of obligations expected of Approved Suppliers, and is anticipated to be worded in roughly the following terms:

- Manufacture of Product in compliance with Australian Standards.
- Product complies with legal, legislative and OH&S requirements.
- Must provide and honour an appropriate level of product warranty.
- Ability to certify FIRST CLASS TAXIS PTY LTD PTY LTD personnel for installing, validating, removing and repairing (if required) EFTPOS units.
- Ability to supply the quality and quantity required within an acceptable timeframe.
- Availability of spare parts supply.
- All software updates done electronically (no requirements for vehicle to be off the road).
- Provides applicable Driver training documentation.
- Supplier has an established research and development process and certified testing procedure.
- Supplier is a reputable company with a proven track record in supply of goods and services.
- Supplier can display a high level of product knowledge and knowledge of industry trends.
- Supplier financially stable ie. No declared financial difficulties.
- Supplier dedicated to customer and technical support.
- Supplier has a complaint process that is readily available.

The Checklist will also consist of specific requirements pertaining separately to the three (3) following main aspects of the EFTPOS System:

1 EFTPOS Terminal

- Ability to be hardwired to the vehicle and the taxi cab meter.
- Ability to have the end of trip meter total transposed to the EFTPOS terminal.



- Ability to print an End OF Shift Total that includes all transactions that have occurred via EFTPOS during the shift.
- Ability to accept all major credit cards.

2 RECEIPT Printing

Automated printing of following information:

- Pick up location (GPS)
- Drop off location (GPS)
- Taxi Cab Number
- Drivers Authority (DA) Number
- Drivers ABN
- Time and Date
- Credit Card Details eg. Visa, Mastercard, Amex
- Taxi Fare Amount
- Service Fee
- GST
- Other Charges
- Ability for passenger to sign

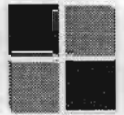
3 PROCESSING and AUDITING.

- Daily or weekly transaction statement
- All statements in chronological order
- All statements divided via taxi cab number
- A driver instruction manual that can be carried in the vehicle at all times.

The Nominated Supplier must also provide to First Class Taxis Pty Ltd, together with all associated wiring diagrams and installation instructions, a complete EFTPOS unit which, if the Nominated Supplier becomes an Approved Supplier, it will use in the taxi cabs ("**Proposed Unit**"). Alternatively, the Nominated Supplier may install the Proposed Unit on a test vehicle supplied by First Class Taxis Pty Ltd.

First Class Taxis Pty Ltd will evaluate the EFTPOS Terminal and the corresponding Printed Receipt(s) to ensure that those aspects of the Proposed Unit comply with the Checklist requirements. The Nominated Supplier must also supply to First Class Taxis Pty Ltd a sample of its processing paperwork to enable First Class Taxis Pty Ltd to evaluate the Processing and Auditing aspect of the Proposed Unit.

The Nominated Supplier must also advise First Class Taxis Pty Ltd, by written notice, of the following:



- Particulars of pricing;
- Fee structure;
- Quality and certification documents;
- Manufacturing, supply and service capability; and
- Any other pertinent no-price terms and conditions.

Upon completion of the evaluations described above, First Class Taxis Pty Ltd will inform the Nominated Supplier as to whether the Supplier complies with all the Checklist requirements and the corrective measures, if any, that the Nominated Supplier needs to address.

If First Class Taxis Pty Ltd approves a Nominated Supplier, First Class Taxis Pty Ltd will notify that Supplier accordingly in writing and add that Supplier to the list of Approved Suppliers.

If First Class Taxis Pty Ltd does not approve a Nominated Supplier, First Class Taxis Pty Ltd will notify that Supplier ("**Disapproved Supplier**") accordingly in writing and provide that Supplier with an outline of the Review of Decision Process (described below).

We **attach** for your ease of reference a diagram which illustrates the Application and Evaluation Process.

Review of Decision Process

A Disapproved Supplier may appeal against First Class Taxi's initial decision to disapprove and request a review of that decision ("**Appeal**"). The Appeal must be made in writing and addressed to:

DIRECTOR'S
FIRST CLASS TAXIS PTY LTD PTY LTD
PO BOX 2499
BURLEIGH DC
QLD 4220

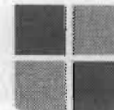
The Appeal must detail why the Disapproved Supplier is requesting a review and be accompanied by any supporting evidence. A Director of First Class Taxis Pty Ltd will, within five (5) business days of receipt of an Appeal, acknowledge receipt in writing.

A Director of First Class Taxis Pty Ltd will review the Appeal, the corresponding initial Application and any supporting evidence provided. The Proposed Unit will be re-tested to re-evaluate its compliance with the Checklist requirements.

A Director of First Class Taxis Pty Ltd will provide to the Disapproved Supplier a formal and written response stating whether First Class Taxis Pty Ltd has decided to uphold its initial decision or to allow the Appeal ("**Final Decision**"). This response will include clear reasons for the Final Decision.

The Review of Decision Process should complete, if the Disapproved Supplier has provided First Class Taxis Pty Ltd with its Proposed Unit, within fifteen (15) business days after receipt of the Appeal, or if the Disapproved Supplier has not provided First Class Taxis Pty Ltd with its Proposed Unit, within fifteen (15) business days after receipt of the Proposed Unit.

First Class Taxis Pty Ltd may maintain copies of all documentation in relation to the Application and Evaluation Process and the Review of Decision Process.



Annual Review of Approved Supplier Status

First Class Taxis Pty Ltd will carry out annual reviews of all Approved Suppliers to ensure continued compliance with all the Checklist requirements. The reviews will include requests that the Approved Suppliers submit any revised or updated documentation associated with the EFTPOS terminal, receipts or procedures. In accordance with the Evaluation process outlined above, First Class Taxis Pty Ltd will make a decision regarding the Approved status of all Approved Suppliers.

If an annual review reveals that an Approved Supplier is not compliant with the Checklist requirements, First Class Taxis Pty Ltd will notify that Supplier accordingly in writing. It is expected that a Supplier so notified will immediately respond with the necessary corrective measures.

An Approved Supplier that is unable or unwilling to comply with the documented Checklist requirements forfeits its status as an Approved Supplier. A Director of First Class Taxis Pty Ltd will notify such Supplier(s) of the deemed forfeiture in writing and the Supplier(s) will be removed from the list of Approved Suppliers.

1.5 Request No. 5

First Class Taxis Pty Ltd does not propose to establish a contractual relationship between itself and EFTPOS Suppliers. Should the Notification be allowed to stand, with respect to the EFTPOS Suppliers, First Class Taxis Pty Ltd will give effect to the notified conduct by enforcing the decision and review process described in paragraph 4 above.

There is at present a Bailment Agreement between First Class Taxis Pty Ltd (Bailor) and all Drivers (Bailees). All Taxi Operators are legally required to have a signed and dated bailment agreement. We **attach** a copy of the information sheet "Taxi service Bailment Agreement - Questions and Answers" provided by the Department of Transport and Main Roads.

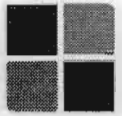
Should the Notification be allowed to stand, First Class Taxis Pty Ltd proposes to amend the current Bailment Agreements. We **attach** a copy of the amended Bailment Agreement proposed at this stage ("**Proposed Bailment Agreement**").

Claim for restriction of publication

Pursuant to subsection 95(2) of the *Competition and Consumer Act 2010* ("**Act**"), we request that the Proposed Bailment Agreement be excluded from the register kept under subsection 95(1) of the Act by reason of its confidential nature.

Particularly, we make this request on the grounds that the Proposed Bailment Agreement:

- 1 Will be, and should remain, a private document between First Class Taxis Pty Ltd and the Drivers;
- 2 Reveals information regarding the business operation of First Class Taxis Pty Ltd;
- 3 Reveals the consideration that First Class Taxis Pty Ltd receives from the Drivers (Bailees) for its supply of bailment services;
- 4 Reveals various other financial information with respect to private business transactions between First Class Taxis Pty Ltd and the Drivers; and
- 5 Does not contain information regarding the Notified Conduct that is in addition to that already provided in the Form G Notification lodged and within the submissions made herein.



1.6 Request No. 6

We make below further submissions in relation to three (3) of the four (4) Amended Criteria:

A "Provide processing services which facilitate the distribution between First Class Taxis Pty Ltd and the Bailee of passenger fares received by way of EFTPOS"

First Class Taxis Pty Ltd is a management company. It does not operate any set pay-in arrangements and all Drivers (Bailees) operate under a Bailment Agreement.

This arrangement is based on a commission basis. Hence, Drivers will only learn of their actual earnings at the completion of each shift. At the completion of each shift, EFTPOS Suppliers must be able to produce receipts of all EFTPOS transactions that took place during the shift. This will benefit the Drivers as they will be able to calculate the commission they earned accurately and efficiently.

With the use of an EFTPOS System that satisfies this Criterion, First Class Taxis Pty Ltd will also be able to record, store and make available for auditing all EFTPOS transactions. This includes weekly transaction reports provided by EFTPOS Suppliers. If this service is not provided by EFTPOS Suppliers, Drivers may, by mistake, omit to submit the required pay-in documentation. This will put First Class Taxis Pty Ltd in breach of record keeping obligations imposed by the Australian Tax Office and the Department of Transport and Main Roads.

B "Provide EFTPOS terminals that will be hardwired to taxi cab meters so as to allow real time visibility and recording of all transactions by First Class Taxis Pty Ltd".

As we noted above, this is the main thrust behind the Notified Conduct. The main public benefit that results from the imposition of this Criterion is the transparency of the electronic Job Dispatch or Street Hail being recorded on the MT Data Dispatch system.

The taxi cab meter is activated at the commencement of each journey. At the completion of the journey the taxi cab meter is stopped. With the use of an EFTPOS terminal that is hardwired to the taxi cab meter, the displayed taxi cab meter fare is automatically transposed to the EFTPOS terminal for electronic payment options. A handheld EFTPOS terminal does not automatically transpose the taxi cab meter amount.

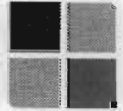
The public benefit of having the taxi cab meter amount transposed automatically is that as Taxi Operators, First Class Taxis Pty Ltd may then verify all taxi journeys, all meter transactions and all EFTPOS transactions. When there is a dispute or fraud enquiry this transparency allows for quick identification and rectification.

That these public benefits will result from imposing this Criterion is mentioned and supported in various public documents. We refer to these documents below.

1 2010 Annual Report (NSW Taxi Industry Association)

We refer to the 2010 Annual Report by the NSW Taxi Industry Association and extract the following passage:

"We continue to receive complaints from passengers who have been issued receipts in taxis that have the wrong taxi network, and wrong taxi number printed on them. We have continued to express our concerns at some hand held EFTPOS devices currently being used in taxis where the taxi number is manually entered. We tried to explain the problem to the Legislative Council Inquiry members and continue to urge Transport NSW to take steps to ensure only EFTPOS machines that are hard-wired or use some other tamper-proof system that automatically and accurately records the taxi number be allowed to be used in taxis in NSW."



We **attach** for your information and records a page of the 2010 Annual Report containing the above extract.

2 2010 State Report (NSW Taxi Industry Association)

We refer to the 2010 State Report by the NSW Taxi Industry Association at the 2011 Australian Taxi Conference and extract the following passage:

"We have continued to express our concerns at some hand held EFTPOS devices currently being used in taxis where the taxi number is manually entered. We continue to urge Transport NSW to ensure only EFTPOS machines that are hard-wired or use some other tamper-proof system that automatically and accurately records the taxi number be allowed to be used in taxis in NSW. The NSW Taxi Council has also raised this matter in submissions to the NSW Legislative Council Select Committee Inquiry into the NSW Taxi Industry, along with the need to mandate printed itemised receipts but remain frustrated at the apparent lack of will to try and stamp out fraudulent behaviour in the industry."

We **attach** for your information and records a page of the 2010 NSW State Report containing the above extract.

3 Industry Fact Sheet "Taxi Subsidy Scheme" (Queensland Transport)

We refer to the industry fact sheet on "Taxi Subsidy Scheme" prepared by Queensland Transport which we attached earlier above.

We draw your attention to the paragraph that states:

"Under the new electronic system, information will be automatically transmitted and this will ... eliminate accidental and intentional mis-use of the scheme."

We further draw your attention to the paragraph that states:

"Interfacing the terminal and meter is critical to ensuring only valid TSS trips are conducted."

4 Information Sheet "Taxi Subsidy Scheme - Information for drivers" (Department of Transport and Main Roads)

We refer to the Information sheet "Taxi Subsidy Scheme - Information for drivers" prepared by the Department of Transport and Main Roads which we also attached earlier above.

We draw your attention to the paragraph under the heading "Will taxi companies always be paid for TSS trips". The content of this paragraph shows that the Department of Transport and Main Roads sees non-integration of taxi meters and EFTPOS terminals as a potential sign of misuse or fraud of the TSS.

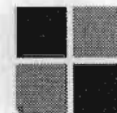
We further draw your attention to the paragraph which explains that:

"The [EFTPOS Terminal] must be interfaced with the meter so that the fare is automatically calculated."

5 Submission to Inquiry into NSW Taxi Industry (NSW Taxi Council Ltd)

We refer to the submission made by the NSW Taxi Council Ltd in response to the NSW Government's Inquiry into NSW Taxi Industry. We **attach** the relevant pages of that submission.

Particularly, we refer to the following extract of the submission:



"One area of potential weakness in relation to the accountability of taxi drivers is the ability for customers to identify the vehicle in which a journey was undertaken based on receipts issued from an EFTPOS machine that is not 'attached' to the taxi-cab it is used in. It is in the public interest for receipts issued inside taxis to reliably identify the time, date and the taxi among other things. However, this cannot be enforced unless the EFTPOS machine is attached to the taxi-cab. The industry remains frustrated by cases where passengers have a receipt but the industry is unable to follow-up a complaint because the receipt does not contain the correct details of the driver or the taxi-cab."

We note that the Taxi Council recommended that:

"A regulation be introduced to stipulate that EFTPOS devices must be attached to the taxi-cab and taxi driver details entered at the start of a shift in such a manner to ensure that correct identification details of the taxi cab, authorised taxi network, taxi driver ID and taxi driver ABN are printed on all receipts issued."

It is also submitted later in the submission that:

"The earlier recommendations relating to EFTPOS equipment and printed receipts are also aimed at making it easier for taxi passengers to hold taxi operators accountable by providing reliable information about their journey and the identity of the taxi and taxi network."

6 Response to review of the Taxi Transport Subsidy Scheme (Vision Australia)

We refer to a response made by Vision Australia to the review of the Taxi Transport Subsidy Scheme carried out by the NSW Ministry of Transport on 26 August, 2004. We **attach** the relevant pages of that response.

Particularly, we note that Vision Australia expressed that:

"We would ultimately like to see a system which links the meter to the EFTPOS and possibly a TTSS to verify journey details, so that all elements of abuse can be minimised."

7 Controls against MPTP-related fraud - Audit of Multi-Purpose Taxi Program (Management of the Multi-Purpose Taxi Program)

We refer to the above document and **attach** the relevant pages.

We draw your attention to the following passages:

"In 2004, the Department of Transport (DOT) linked taxi meters directly to EFTPOS terminals in taxis to ensure that only the metered fares could be charged to passengers, with the MPTP paying half the fares.

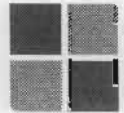
According to MPTP Panel reports, this initiative reduced the risk of fraud, saving what VTD estimated as some \$3.1 million in 2004-05."

8 Record of Meeting between Australian Competition and Consumer Commission and Victorian Taxi Directorate

We refer to the above document and **attach** a copy of same.

Particularly we refer to the following passages:

"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 these measures are aimed at reducing fraud under the MPTP which in the past has been a significant issue."

The above documentations make it clear that hardwiring EFTPOS terminals to taxi meters brings about important public benefits in terms of accountability and transparency. As illustrated in some of the documents, certain EFTPOS terminals are legally required to be hardwired to taxi meters due to this perceived public benefit. We submit that the Notified Conduct, by imposing the same requirement on First Class Taxis Pty Ltd's Approved Suppliers, will also lead to the same public benefits.

C "Provide a payment system which does not permit payment of any monies into an account other than accounts designated by First Class Taxis Pty Ltd"

As noted above, taxi fares that Drivers receive on each shift is distributed between First Class Taxis Pty Ltd and the Drivers.

First Class Taxis Pty Ltd has always been operating under a system whereby at the completion of each shift all monies owed to either party is paid in cash. That is, when Drivers leave the taxi depot at the completion of their shift, their commission is paid in full. This system operates on the basis that all EFTPOS transaction monies are first paid into a bank account designated by First Class Taxis Pty Ltd.

It is technologically possible for EFTPOS Suppliers to provide payment into any account that the Supplier designates, such as the Drivers' personal accounts.

However, due to the commission distribution practice just described, if Drivers use EFTPOS Suppliers that pay EFTPOS transactions monies into the Drivers' personal accounts, then at the end of each shift the Drivers will likely owe monies to First Class Taxis Pty Ltd and be required to repay the debt in cash.

This will require Drivers to carry large amounts of cash at all times, thus increasing the likelihood of assaults and robberies victimising the Drivers.

2.0 Conclusion

We trust that the information we provide above will be of assistance to the ACCC.

We look forward to hearing further from you.

Should there be any further enquiries please do not hesitate to contact us.

Yours faithfully

Michael Sing
Managing Director
Michael Sing Lawyers Pty Ltd

Taxi Subsidy Scheme Redevelopment

Queensland Transport's Taxi Subsidy Scheme (TSS) is about to enter a new era with the introduction of electronic smartcards with photographic identity for TSS members and electronic processing of TSS member trips in taxis.

The new system will largely eliminate paper vouchers, relying instead on technology to automatically process subsidies and payments to the taxi industry ultimately making the system simpler for the taxi industry and TSS members.

The Queensland Government is investing \$2.1 million to implement these changes, which will ensure the TSS continues to meet the mobility needs of Queenslanders with a disability.

What is the Taxi Subsidy Scheme?

The TSS is a Queensland Government initiative designed to improve the mobility and quality of life for Queenslanders with a disability.

Introduced in 1987, the TSS has since grown steadily to now serve over 47 000 members with around \$12 million in subsidies being paid annually.

Specific benefits include:

- a subsidy of half the total taxi fare for members
- a maximum amount of \$25 subsidy per trip
- access for members to subsidised taxi travel in other Australian States and Territories.

Why was Cabcharge chosen?

Queensland Transport (QT) released a Request for Offer (open tender) to the marketplace. This invited offers for smartcards and smartcard readers and was not aligned to any particular approach or product.

QT conducted an exhaustive evaluation involving representatives from disability groups and the taxi industry in the product demonstration.

On 17 November 2006 it was announced that Cabcharge was the preferred supplier and that contract negotiations would commence. The contract between QT and Cabcharge was finalised on 26 March 2007.

What are the benefits of the new system?

The current system relies on a lot of paperwork which is processed by the taxi industry and QT.

Under the new electronic system, information will be automatically transmitted and this will significantly reduce the administration of the scheme. This will also eliminate accidental and intentional mis-use of the scheme.

Reducing administrative costs and mis-use will ensure the scheme is able to continue to meet the needs of bona-fide TSS members.

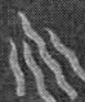
TSS members will also benefit from using one smartcard instead of books of paper vouchers.

When will the changes be introduced?

QT will migrate the existing 47 000 TSS members to the new smartcard during 2007. Most TSS members should have their new smartcard by the end of 2007.

A system go-live date is scheduled for the last quarter of 2007. The actual date will be confirmed and is dependent upon system development and extensive testing.

Existing TSS vouchers can be used by any member prior to the system go-live date. However, old vouchers will be phased out soon after go-live.



How will the new electronic system work?

Taxi drivers will be required to key in their Driver Authority (DA) number at the start of every shift to ensure their DA is current.

Should the DA not be validated, the driver will not be able to conduct any transactions, including EFTPOS transactions.

At the beginning of each trip, TSS members (or their carer) will provide the taxi driver with their smartcard. Taxi drivers will place the TSS member smartcard in the smartcard reader.

This will firstly validate the membership, and at the end of the trip, will allow for the automatic deduction of the subsidy from the fare. The taxi driver must return the smartcard to the TSS member or their carer at the end of the trip.

Taxi drivers will also be required to check that the smartcard photo matches the TSS member.

The new system will automatically collect information such as the time, date, origin, destination and fare amount.

This automatic system will be quicker and easier for drivers, as they will not have to enter the information manually.

The trip information will be electronically transmitted to QT to enable them to reimburse taxi companies, who in turn will pay taxi operators/affiliates.

Taxi drivers will be able to print out an end of shift report that will include all TSS trip details including amounts.

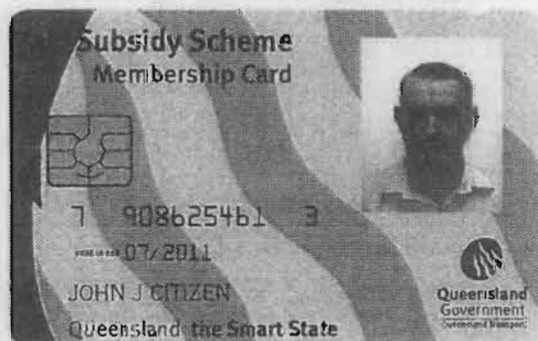
The smartcard reader PINpad screen will provide prompts and information to the driver throughout the processes outlined above.

How will members obtain their new TSS photo smartcard?

QT will write to all TSS members to explain the changes to the new system, and to request members obtain photographs for the new cards.

The photographs will be similar to passport photographs and must be witnessed by a health professional, Justice of Peace, Commissioner of Declarations, police officer, solicitor, barrister or judge. It is the member's responsibility to obtain the photographs and send them to QT.

After providing their photograph to QT, members will receive a TSS smartcard and information on how to use it.



Strict privacy controls will be in place to protect TSS members' information in the production and use of the smartcards.

The smartcard chip will store only the TSS member's number, card number, and start and expiry dates of their membership.



How much will it cost operators?

Any costs to operators will be minimal and will be offset through reductions in paperwork with the phasing out of TSS vouchers. Payments to operators and taxi companies will be considerably quicker than present.

Cabcharge are required to provide TSS smartcard readers at no cost to taxi operators.

What equipment is used in the taxi?

The new smartcard will be read using the current Cabcharge EFTPOS terminal, which is already in use in many taxis in Queensland.

Interfacing the terminal and meter is critical to ensuring only valid TSS trips are conducted. Interfacing Cabcharge meters is expected to be completed before the expected 'go-live' date in the last quarter of 2007.

QT and Cabcharge will be working with taxi meter manufacturers to facilitate meter integration of non-Cabcharge meters. Under the contract with QT, Cabcharge are required to provide limited financial assistance to taxi operators with in-taxi meter integration work for non-Cabcharge meters.

Meter integration of all non-Cabcharge meters is expected to be completed within 6 months of the go-live date.

Cabcharge imprinting machines will be used for the paper based back up system, 'restricted-use slips', and must be carried in every taxi.

What happens if there is a problem with the new system?

For those times when the electronic system is 'down', the taxi driver will be able to use a paper based back up system, similar to the existing Cabcharge 'green slips'. A specific TSS restricted-use slip is being developed for this purpose.

The TSS restricted-use slips will be processed by Cabcharge, but will only be accepted if the slip meets strict payment rules as determined by QT.

For example, restricted-use slips will not be accepted for expired or damaged smartcards. They will only be used for situations where the system is down or in-taxi equipment has failed and the failure can be substantiated.

What happens if there is a problem with the TSS member's smartcard?

The smartcards are robust and should not become damaged through normal use.

However, if the card is damaged or faulty, the smartcard reader PINpad screen will provide prompts and information to the driver on the problem.

Restricted-use slips will not be used for damaged or faulty smartcards and the TSS member will be required to pay the full taxi fare.

The TSS member may contact QT for the smartcard to be tested and a refund given on the subsidised amount of the taxi fare.

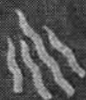
This is on the condition they were a valid TSS member at the time of the taxi trip and the card is found to be faulty.

What about non-metered areas?

There will be no requirement for taxis operating in non-metered areas of Queensland to have a meter and smartcard reader installed.

Non-metered areas will be the only areas of the State that can use restricted-use slips for all TSS trips.

Operators may choose, at no cost, to install a smartcard reader and trip information will be required to be entered manually into the smartcard reader, similar to existing EFTPOS transactions.



How will TSS payments be made to taxi companies and operators?

As the TSS trip data will be collected electronically by Cabcharge and provided direct to QT, QT will make payments direct to taxi companies based on the electronic trip data.

TSS payments to taxi companies and affiliates should be considerably quicker than the old voucher scheme.

QT will generate Recipient Created Tax Invoices (RCTI) with a copy of the trip data for the particular taxi company.

Payments are anticipated to occur on a fortnightly cycle and lever off the existing Cabcharge EFTPOS payment channels.

There have been preliminary discussions with a number of taxi companies and further consultation will be occurring directly with taxi companies on the payment methods well before the go-live date to ensure QT computer systems that streamline and automate TSS payments can be developed.

RCTI agreements between QT and taxi companies will also need to be developed.

How will taxi drivers be trained?

Cabcharge are required under the Contract to provide training material and services to the Queensland taxi industry for the in-taxi operation of the redeveloped TSS scheme.

Cabcharge will be producing a revised driver's guide for their EFTPOS terminals that will include how to process TSS trips.

What will happen with interstate vouchers presented from other States?

The new smartcard is for Queensland TSS members only. Visitors from other States that are members of that State's equivalent subsidy scheme will present vouchers the same as it is done currently. Interstate vouchers from interstate visitors will also be processed by Cabcharge.

Will there be new rules or legislation?

QT is considering introducing changes to legislation on the new smartcard and electronic processing of TSS trips.

Consultation will occur with the taxi industry during 2007 on the proposed amendments.

If found please return to Queensland Transport, Taxi Subsidy Scheme Unit,
PO Box 13347, Brisbane Queensland 4003

Enquiries:
Phone: 1300 134 755
www.transport.qld.gov.au

The use of this card is subject to the terms and conditions under which it was issued.
The cardholder accepts that misuse of this card may result in disqualification
from the Taxi Subsidy Scheme and may face prosecution.

This card remains the property of Queensland Transport.

The Taxi Subsidy Scheme is funded
by the Queensland Government



Who do I contact in Queensland Transport about the changes?

For more information please contact the Queensland Transport TSS Project Team via the Queensland Transport general enquiries number
ph: 13 23 80

(a direct number will be available pending the Team's relocation in late June 2007)



Queensland Government
Queensland Transport

Quick reference for the Terminal Messages for Smartcard Processing Errors

Pinpad display	Message on receipt	Situation
TRANSACTION APPROVED	APPROVED 00	The transaction has been approved by the terminal.
CARD EXPIRED DO NOT PROCEED WITH VOUCHER PAYMENT	DECLINED XP CARD EXPIRED CONTACT QLD TRANSPORT	The member card has expired, the passenger must pay the full fare.
CARD CANCELLED DO NOT PROCEED WITH VOUCHER PAYMENT	DECLINED 04 CARD CANCELLED CONTACT QLD TRANSPORT	The member card has been cancelled/ disabled, the passenger must pay the full fare.
CANNOT READ CARD TRY AGAIN OR USE TSS VOUCHER	DECLINED YD CANNOT READ CARD USE TSS VOUCHER	The member card cannot be read by the terminal, the terminal may need cleaning or servicing.
CARD VALID PROBLEM TRY AGAIN OR USE TSS VOUCHER	DECLINED JW CANNOT PROCESS CARD USE TSS VOUCHER	The member card cannot be authenticated by the terminal, the terminal may need cleaning or servicing.
CARD NOT YET VALID USE TSS VOUCHER	DECLINED XU CARD NOT YET VALID USE TSS VOUCHER	The member card is not yet valid.

Can I claim waiting time?

The TSS provides a subsidy for transport for members of the scheme. This subsidy does not extend to waiting time charges if the TSS member is not in the taxi. When the TSS member is ready to exit the vehicle, the journey has been completed and the transaction should be processed. If a driver chooses to wait for the TSS member the driver must not activate the meter until the TSS member returns to the taxi to begin the next journey.

How do I process set fares/quoted jobs?

TSS trips are calculated on the metered fare and should be processed through the smartcard reader. If you are unable to process a set price fare/quoted job through your smartcard reader, and the trip is registered with your booking company, then you are required to process one Restricted Use Slip for the trip.

How are TSS payments made to taxi companies?
TSS trip data is collected electronically by Cabcharge and provided directly to TMR. TMR will make payments directly to taxi companies based on the electronic trip data, subject to the validity of the trip data.

TSS payments to taxi companies are considerably quicker than previous payment systems and occur on a weekly cycle.

Will taxi companies always be paid for TSS trips?

The trip data from Cabcharge is filtered prior to being uploaded to the TSS database. Certain filter parameters have been chosen to identify potential misuse or fraud of the scheme. While the overwhelming majority of TSS trips are reimbursed automatically, some trips are closely reviewed to decide whether the claim is paid, adjusted or rejected. Claims that may not be paid, or may be adjusted, include trips with high risk data where:

- the taxi meter and the card reader (ETPOS) are not integrated
- extras are too high
- there are insufficient trip details
- the trip is less than \$3
- the fare is greater than \$40, but trip is less than 10 mins
- the fare is greater than \$30, but trip is less than 10km
- all or part of the trip overlaps with a different TSS trip, for example, a duplicate trip.

Who can I contact if I need more information?

Phone: 1300 136 755
Email: tssu@tmr.qld.gov.au
Fax: 07 3236 4579
Post: PO Box 13397
Brisbane Qld 4002
Website: www.tmr.qld.gov.au/tss

Connecting Queensland
www.tmr.qld.gov.au

Queensland Government
Toward 2
Towards a Sustainable



Transport and Main Roads

Taxi Subsidy Scheme
Information for drivers

Tomorrow's Queensland:
strong, green, smart, healthy and fair

What is the Taxi Subsidy Scheme?

The Taxi Subsidy Scheme (TSS) is a Queensland Government program that improves the mobility and quality of life for Queenslanders with a disability by providing access to affordable taxi transport. Specific benefits of the scheme are:

- A subsidy of half the total taxi fare, up to a maximum subsidy of \$25, is paid by the Queensland Government.
- Access to subsidised taxi travel in other Australian states and territories that is paid by the Queensland Government.

How does it work?

Each TSS member is issued with a smartcard membership card, which has a photograph of the member on it and an expiry date. The TSS smartcard will not work after the expiry date on the card.

Members can use any taxi service in cities, towns and country areas throughout Queensland. All journeys must be travelled via the shortest route.

The TSS smartcard cannot be given to someone else to use and the TSS member must have their smartcard with them and must travel in the taxi for the full journey for the subsidy to apply. Other people may travel in the taxi with the member.

How do I know how much subsidy a TSS member gets?

A TSS member must not pay the full fare unless their card has expired or been cancelled, or they do not have their card with them.

The smartcard reader will automatically calculate the subsidy fare for you.

Where a total taxi fare is equal to or less than \$50.00, the member will pay half of the fare to the taxi driver. The Queensland Government will pay the other half of the fare to the taxi company.

- Example: If the total fare is \$9.00, the member will pay \$4.50.

Where the total taxi fare is more than \$50.00, the maximum subsidy of \$25.00 will be subtracted from the total fare and the member will pay the balance.

- Example: If the total fare is \$60.00, the maximum subsidy of \$25.00 would be paid by the Queensland Government and the member will pay \$35.00.

What if I don't want to use the TSS?

Misrepresentation or fraudulent use of the TSS is an offence under the *Transport Operations (Passenger Transport) Act 1994* (the Act) and the *Transport Operations (Passenger Transport) Regulation 2005* (the Regulation).

Any misuse of the TSS smartcard is viewed as a serious offence and will result in legal action or other penalties imposed by the Department of Transport and Main Roads (TMR).

All suspected incidents of dishonest use of the TSS should be reported to TMR in writing.

What happens if I misuse the TSS?

Under Section 96AN of the Regulation, the driver of a taxi available for hire must not refuse a hiring by an approved relevant person (a TSS member), unless the driver has a reasonable excuse. Maximum penalty – 40 penalty units.

Under Section 96AF of the Regulation, the operator must ensure an approved card reader appears to be working when the taxi is made available to driver. Maximum penalty – 40 penalty units.

Under Section 96AH of the Regulation, the operator of a taxi service must ensure that, while a taxi used to provide the service is available for hire, a manual card reader is carried in the taxi. Maximum penalty – 20 penalty units.

What is the smartcard reader?

The smartcard reader is the Cabcharge EFTPOS terminal, which is currently used in taxis throughout Queensland. The card reader must be interfaced with the meter so that the fare is automatically calculated.

How do I process a TSS smartcard fare?

The TSS member should present their TSS smartcard to you at the start of the trip. You must check the photo on the TSS smartcard. If the photo does not match the passenger travelling in your taxi, you cannot accept the TSS smartcard and the passenger is required to pay the full fare.

If the photo does match the passenger travelling, insert the TSS smartcard into the card reader. Check the membership status, if the reader displays that the TSS smartcard is

EXPIRED or CANCELLED, the card is not valid and the member is required to pay the full fare.

If the smartcard is valid, leave the smartcard in the card reader for the duration of the trip. The smartcard must remain in the card reader until the transaction is complete.

At the end of the trip, the card reader will display the total fare and amount the TSS member is required to pay. Complete the transaction by taking payment from the TSS member and issuing them with a receipt.

At the end of the transaction, the smartcard must be handed back to the TSS member.

What if the TSS member presents the card at the end of the trip?

Some TSS members may forget to present their card at the start of the journey. If the member presents their card at anytime throughout the journey or at the end of the trip, you must accept the card and process it the same way.

A TSS member must not pay the full fare of the taxi journey unless their card has expired or is cancelled, or they do not have their card with them.

What do I do if the card reader isn't working?

If the card reader is offline or is unable to read the card, you must use a Restricted Use Slip (yellow docked) to complete the transaction (refer to Manual TSS voucher back up system).

If there is a problem with the smartcard reader, the system will notify you to use a TSS Voucher (Restricted Use Slip) to process the subsidy.

A TSS member must not pay the full fare of the taxi journey unless their card has expired or is cancelled, or they do not have their card with them.

What if the taxi is in a regional taxi area which is exempt from having a meter?

If your taxi is exempt from having a meter, you are required to use Restricted Use Slips for all TSS trips. The TSS member is still required to present their TSS smartcard and you need to check the photo and expiry date on the card.

What is the manual TSS voucher back up system?

Restricted Use Slips and an imprinter (manual card reader) must be carried in the taxi at all times, and used if:

- there is a problem with the smartcard reader
 - the taxi is in a regional taxi area which is exempt from the requirement to have taxi meters.
- Imprinters and Restricted Use Slip books are available from Cabcharge.

How do I use the manual back up system?

At the end of the trip you must complete the Restricted Use Slip. If the TSS member is able, please have them sign the slip. Hand the smartcard back to the TSS member with a copy of the receipt.

If you have used a Restricted Use Slip because there was a problem with the smartcard reader, you should attach a copy of the receipt that shows that the smartcard reader could not be used for the transaction. If a receipt copy is not available, you are required to complete an explanation form and attach it to the Restricted Use Slip instead of the receipt copy.

When am I required to complete an explanation form?

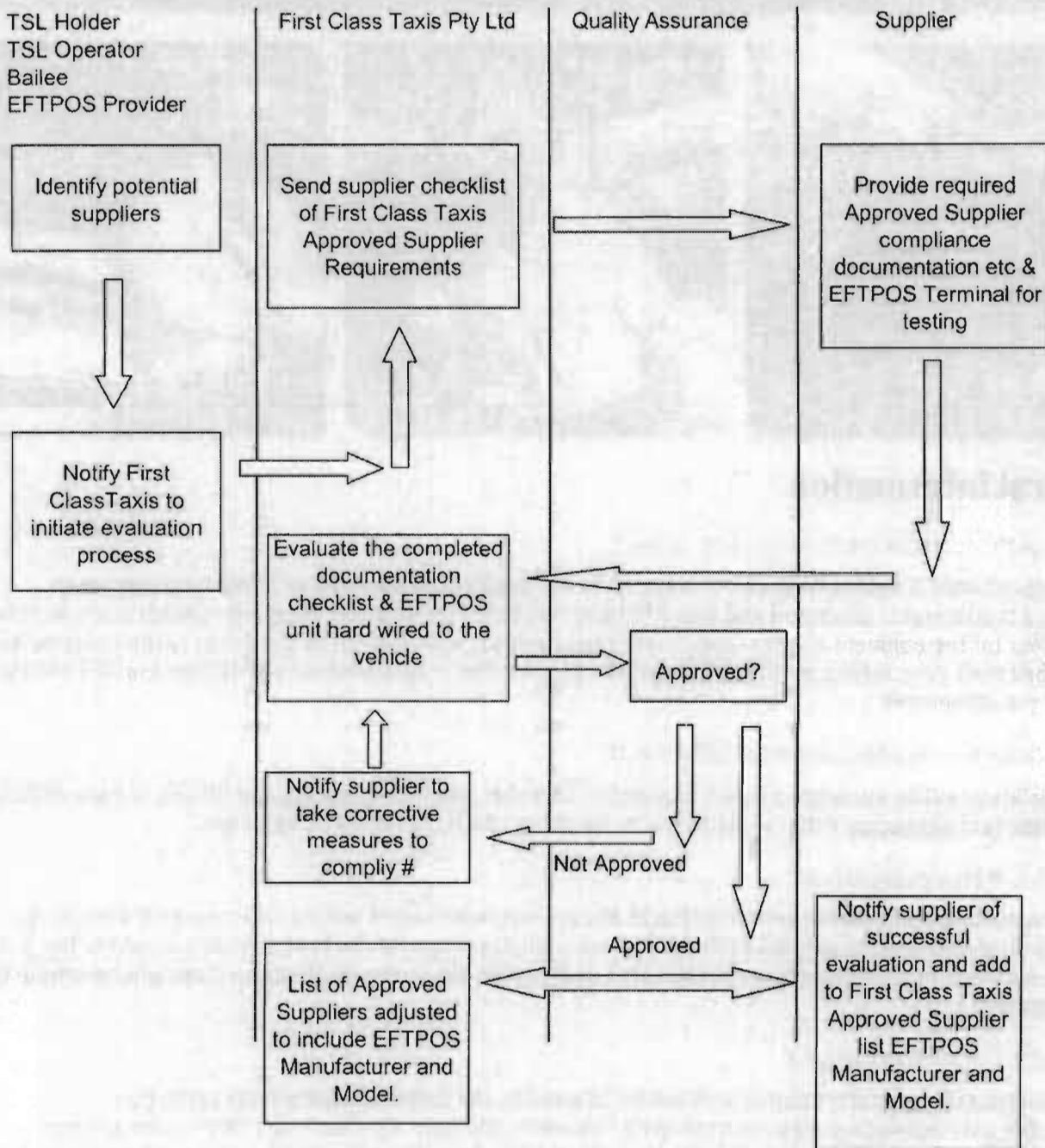
Exempt taxi areas are not required to complete an explanation form when submitting Restricted Use Slips for payment.

In metered areas, Restricted Use Slips must be accompanied by an explanation. This explanation can take the form of a receipt from the smartcard reader that shows that the transaction could not be processed or a completed explanation form.

When submitting Restricted Use Slips for payment, drivers are required to either:

- attach a copy of either the receipt from the smartcard reader that shows a failed transaction, or
- attach an explanation form to the Restricted Use Slip.

Approved Supplier: Application and Evaluation Process



First Class Taxis may maintain copies of all documentation in relation to Application, Evaluation and the Review Decision Process. The Supplier will be notified in writing if Not Approved.



Taxi Service Bailment Agreements – Questions and Answers

This information has been developed to assist taxi operators and taxi drivers to understand and comply with the legislative requirements regarding taxi service bailment agreements.



General information

What does the term 'bailment agreement' mean?

In the taxi industry, a bailment agreement is used as the basis of the business relationship between an accredited taxi operator (operator) and an authorised taxi driver (driver). It is an agreement between an operator and a driver for the bailment of a taxi and covers what payment will be given by the driver to the operator for the right to bail their vehicle for a period of time as well as any other entitlements or obligations created and agreed to under the agreement.

What is changing regarding bailment agreements?

New legislation will be introduced from 1 September 2011 that requires operators and drivers to have written, signed bailment agreements that explains the terms under which the taxi is being bailed.

Why is the change necessary?

Many bailment agreements are verbal contracts and are not confirmed in writing. This makes it difficult for drivers and/or operators to provide evidence of their original agreement. So in circumstances where there is a dispute, a driver or an operator may choose not to seek justice due to the risk that the claim will be unable to be substantiated.

Who is affected by the changes?

All Queensland taxi operators and drivers will be affected by the new laws that will take effect on 1 September 2011 unless they are in an employer/employee relationship. Operators and drivers who are in an employer/employee relationship are already covered by existing laws regarding wages and employment benefits.

What benefits will the change provide?

The new laws will mean that both operators and drivers will have certainty of the terms of their agreements and written evidence of what is agreed, so that either party can enforce that agreement in circumstances of dispute. The new laws also provide protection for new or inexperienced drivers who may be vulnerable to set pay-in arrangements and may not know whether the set pay-in amount being offered is reasonable.

Has the taxi industry been consulted on the development of the new laws?

Yes. The Department of Transport and Main Roads has discussed these changes as part of regular forums with taxi industry stakeholders which include representatives from the Taxi Council of Queensland, independent operators and drivers and taxi booking companies.

In January 2011, the department distributed an information pack to all Queensland operators and drivers that provided information about the proposed bailment laws.

Will there be further changes?

The amendment to legislation about bailment agreements is one of 47 actions outlined in the *Queensland Taxi Strategic Plan 2010–2015* that seeks to deliver improvements to users of taxi services and those who work within the taxi industry over the next five years. The introduction of new laws regarding bailment agreements is action 11.3 of the *Queensland Taxi Strategic Plan 2010–2015*. To view this plan in full, visit www.tmr.qld.gov.au or email taxi@tmr.qld.gov.au to request a copy.

Requirements of operators and drivers under the new laws

What must be included in the bailment agreement?

From 1 September 2011, all taxi service bailment agreements between an operator and a driver for the bailment of a taxi must be in writing, signed by both parties and include the following information:

- the date the bailment agreement was signed by the operator and the driver
- the name and address of the operator and the driver
- the operator accreditation number and driver authorisation number
- if the driver is paying the operator a percentage of takings as payment, the percentage
- if the driver is paying the operator a set pay-in amount, the amount and frequency of payment (for example, \$500 per week)
- who is responsible for fuel, and if the cost is to be shared between the driver and the operator, the amount or percentage to be shared
- whether the operator has personal injury insurance for the driver, and if so:
 - whether the operator will maintain the insurance cover for the duration of the bailment agreement
 - the expiry date of the insurance cover
 - whether the driver must contribute to the cost of any insurance premium, and if so, the amount or percentage to be contributed
 - whether the driver must contribute to the cost of any excess payable for any insurance, and if so, the amount or percentage to be contributed
 - the information about the personal injury insurance cover (which is the information provided by the insurer and included in the product disclosure statement and schedule of cover) or how the driver can obtain the information from the operator about the personal injury insurance.

As well, an operator can only enter into a set pay-in arrangement if the driver has held Queensland driver authorisation for at least 12 months.

What are the operator's requirements?

An operator is required to:

- ensure that a taxi service bailment agreement is entered into before a driver drives a taxi that the operator is responsible for
- ensure that the taxi service bailment agreement includes all the information that the legislation requires it to contain
- provide the driver with a copy of the taxi service bailment agreement
- keep an electronic or paper copy of the taxi service bailment agreement for the duration of the agreement and for at least five years from when the agreement ends
- provide the driver with, and keep a copy of, any changes to the taxi service bailment for the duration of the agreement and for at least five years from when the agreement ends
- only enter into a taxi service bailment agreement containing a set pay-in arrangement if the driver has held Queensland driver authorisation for at least 12 months (continuously or accumulatively within the five years before the agreement is entered into)
- comply with a request from an authorised person to provide a copy of the taxi service bailment agreement, or;
- if the driver is an employee of the operator, the operator must provide a copy of a statutory declaration under the *Oaths Act 1867* stating the driver is an employee of the operator.

Do penalties apply if an operator doesn't comply with their obligations?

Yes.

- If you allow a driver to drive a taxi for which you are responsible without a bailment agreement in place, you may receive a penalty infringement notice of \$400 or a court-imposed penalty of up to a maximum of \$4000.
- If a bailment agreement does not contain all the information required by the new laws, you may receive a penalty infringement notice of \$400 or a court-imposed penalty of up to a maximum of \$4000.
- If you enter into a bailment agreement with a set pay-in arrangement with a driver who has not held Queensland driver authorisation for at least 12 months, you may receive a penalty infringement notice of \$400 or a court-imposed penalty of up to a maximum of \$4000.
- If you do not give a driver a copy of the bailment agreement, you may receive a penalty infringement notice of \$200 or a court-imposed penalty of up to a maximum of \$2000.
- If you do not keep a copy of the bailment agreement (including any agreed changes to the bailment agreement) for the period of time required by the new laws, you may receive a penalty infringement notice of \$200 or a court-imposed penalty of up to a maximum of \$2000.
- If you fail to comply with a request from an authorised person to provide a copy of the bailment agreement or a copy of a statutory declaration under the *Oaths Act* stating the driver is an employee, you may receive a penalty infringement notice of \$200 or a court-imposed penalty of up to a maximum of \$2000.

What are the driver's requirements?

A driver is required to:

- ensure that a bailment agreement is entered into before driving a taxi that the operator is responsible for
- ensure that the bailment agreement includes all the information that the legislation requires it to contain.

Do penalties apply if a driver doesn't comply with their obligations?

Yes. If you drive a taxi for which an operator is responsible without a bailment agreement in place, or the agreement does not contain all the information required by the new laws, you may receive a penalty infringement notice of \$100 or a court-imposed penalty of up to a maximum of \$1000.

Why are there higher penalties for operators than drivers?

There are higher penalties for operators because the operator is considered to have a greater level of responsibility than a driver for bailment agreements. While the bailment agreement provides benefits to both parties in that there is written evidence of what is agreed, it is the driver who will benefit the most as they will be better informed about the arrangements in place every time they drive the taxi.

Will there be compliance activities undertaken by the department?

Yes. Enforcement activities with regard to bailment agreements will be included as part of regular operator accreditation audits. During on-road enforcement activities, compliance officers will also ask drivers if they have a bailment agreement and will take further action if the driver indicates that they do not. In both circumstances, an authorised person will be able to request a copy of the bailment agreement from the operator to establish whether there is compliance with the new laws (Please note; the driver is not required to carry a copy of the bailment agreement with them). If a driver and/or an operator advise that they are in an employer/employee relationship, then the operator will be requested to provide a copy of a statutory declaration under the *Oaths Act 1867* stating the driver is an employee.

Why are set pay-in arrangements restricted to drivers who have held Queensland driver authorisation for at least 12 months?

Drivers who are new to the taxi industry may not have the experience or knowledge to understand whether a set pay-in arrangement is the best option for them or that the amount being offered is reasonable. By restricting these arrangements to drivers who have held Queensland driver authorisation for at least 12 months, drivers will have time to become familiar with how the industry works and the level of income that can potentially be obtained.

Does the driver have to have held Queensland driver authorisation continuously for 12 months to have a set pay-in arrangement?

No. The 12 months can either be continuous or accumulative within the five years before the agreement is entered into. This is because regardless of whether the 12 month period has been continuous or accumulative over time, the driver will still have been involved in the industry for a sufficient period of time to enable them to make an informed decision about set pay-in arrangements.

How can a driver provide proof of holding Queensland driver authorisation for at least 12 months?

A copy of a Queensland driver authorisation history can be obtained free of charge from any Department of Transport and Main Roads Customer Service Centre by completing a *Release of Information Application Form F2121*.

Can I access a copy of the new laws?

Yes. You can access a copy of the new laws from the Office of the Queensland Parliamentary Counsel website at www.legislation.qld.gov.au. From 1 September 2011, the relevant laws regarding the requirement to have a bailment agreement, restrictions on set pay-in arrangements as well as the responsibilities of operators and drivers can be found in Chapter 4A of the *Transport Operations (Passenger Transport) Act 1994*. The relevant laws regarding what must be included in a bailment agreement can be found in Section 146B of the *Transport Operations (Passenger Transport) Regulation 2005*.

Additional information for operators

Does the taxi service bailment agreement have to include an end date?

No. It is up to the operator and driver during the bailment agreement negotiations as to whether the bailment agreement will apply for an agreed period (for example, six months), or whether the bailment agreement is developed to apply for an undefined period every time the taxi is bailed.

What avenues are available to me if I have a dispute about my bailment agreement after it has been agreed to?

Depending on the nature of the dispute, it may be a matter that can be resolved through existing judicial mechanisms such as the Queensland court system, an independent tribunal or mediation. These options are available to you now and are not something new that has been created through the new bailment laws. What the new laws have created is evidentiary proof of your agreement that will assist you in circumstances of dispute.

Do I have to have a taxi service bailment agreement for each of my drivers?

Yes. Every driver who drives a taxi for which you are responsible must have an individual bailment agreement in place with you.

What will happen if a bailment agreement is not in place after 1 September 2011?

It is an offence and penalties may apply. An operator who allows a driver to drive a taxi for which the operator is responsible for without a bailment agreement in place may receive a penalty infringement notice of \$400. If the matter is dealt with by a court, the maximum penalty that can be applied is \$4000.

What will happen if the bailment agreement does not contain all the information required?

It is an offence and penalties may apply. A bailment agreement that does not contain all the information required by the new laws is considered (by definition) to not be a bailment agreement. This means that an operator may be penalised for allowing a driver to drive a taxi for which the operator is responsible for without a bailment agreement in place.

What if I have a set pay-in arrangement in place now, before the legislation commences 1 September 2011 with a driver who has not held Queensland driver authorisation for at least 12 months?

You will need to end the bailment agreement and make a new one that complies with the new laws. Only drivers who have held Queensland driver authorisation for at least 12 months can enter into a bailment agreement with a set pay-in arrangement.

Can other information be included in the bailment agreement?

Yes. Other terms can be included that both parties agree to, but the bailment agreement must include the information required by the new laws.

Is there a template I can use to develop my taxi service bailment agreement?

Yes. A *Model Taxi Bailment Agreement* has been developed as a guide. The *Model Taxi Bailment Agreement* includes the information that is required to be included by the new laws, but using the model is optional. You can access a copy of the *Model Taxi Bailment Agreement* from the department's website at www.tmr.qld.gov.au or email taxi@tmr.qld.gov.au to request a copy.

Do I have to use the Model Taxi Bailment Agreement?

No. You can use a different format as long as the bailment agreement includes the information required by the new laws.

What types of insurance should I take out?

It is recommended that an operator should take out and keep current:

- a comprehensive insurance or third party property policy for the taxi
- personal injury insurance covering personal injury to the driver, relating to the taxi service bailment agreement
- public liability insurance with a reputable insurer to cover the driver for his/her legal liability when operating the taxi.

Additional information for drivers

Does the taxi service bailment agreement have to include an end date?

No. It is up to the operator and driver during the bailment agreement negotiations as to whether the bailment agreement will apply for an agreed period (for example, six months), or whether the bailment agreement is developed to apply for an undefined period every time the taxi is bailed.

What avenues are available to me if I have a dispute about my bailment agreement after it has been agreed to?

Depending on the nature of the dispute, it may be a matter that can be resolved through existing judicial mechanisms such as the Queensland court system, an independent tribunal or mediation. These options are available to you now and are not something new that has been created through the new bailment laws. What the new laws have created is evidentiary proof of your agreement that will assist you in circumstances of dispute.

What are my obligations?

You are required to insure that:

- a bailment agreement is entered into with an operator before you drive a taxi for which the operator is responsible
- the bailment agreement includes all the information that the legislation requires it to contain.

Do I have to have a bailment agreement with each of my operators?

Yes. Every operator who you drive a taxi for must have an individual bailment agreement in place with you.

What will happen if a bailment agreement is not in place after 1 September 2011?

It is an offence and penalties may apply. A driver who drives a taxi without a bailment agreement in place may receive a penalty infringement notice of \$100. If the matter is dealt with by a court, the maximum penalty that can be applied is \$1000.

What will happen if the bailment agreement does not contain all the information required?

It is an offence and penalties may apply. A bailment agreement that does not contain all the information required by the new laws is considered (by definition) to not be a bailment agreement. This means that a driver may be penalised for driving a taxi without a bailment agreement in place.

Is a bailment agreement required if I bail the taxi to another driver?

Not only is a bailment agreement required, but you are required to hold operator accreditation as well. A driver who enters into a bailment agreement with an operator and then uses other drivers to drive the taxi during the bailment period is considered to be carrying on the business of providing a public passenger service and is considered to be an operator for the purposes of the *Transport Operations (Passenger Transport) Act 1994*. It is an offence to do this without operator accreditation and penalties apply.

Can other information be included in the bailment agreement?

Yes. Other terms can be included that both parties agree to, but the bailment agreement must include the information required by the new laws.

Is there a template that can be used to develop my taxi service bailment agreement?

Yes. A *Model Taxi Bailment Agreement* has been developed as a guide. The *Model Taxi Bailment Agreement* includes the information that is required to be included by the new laws, but using the model is optional. You can access a copy of the *Model Taxi Bailment Agreement* from the department's website at www.tmr.qld.gov.au or email taxi@tmr.qld.gov.au to request a copy.

Do I have to use the *Model Taxi Bailment Agreement*?

No. You can use a different format as long as the bailment agreement includes the information required by the new laws.

What payment arrangements are typically included in a bailment agreement?

Payment made by the driver to the operator to bail the taxi is either in the form of a percentage of takings through the taxi meter or a fixed amount for a fixed period such as per week or per month regardless of takings (known as a set pay-in).

What if I have a set pay-in arrangement in place now, before the legislation commences 1 September 2011 and I have not held Queensland driver authorisation for at least 12 months?

You will need to enter into a new bailment agreement that complies with the new laws. Only drivers who have held Queensland driver authorisation for at least 12 months can enter into a bailment agreement with a set pay-in arrangement.

What is a reasonable percentage of takings to pay the operator?

As two separate parties entering into a commercial agreement, it is up to the driver and the operator to negotiate what the percentage should be. You may find that different operators offer different arrangements, for example:

- you pay the operator 55% of takings and the operator pays 100% of the fuel costs
- you pay the operator 50% of takings and the operator pays 100% of the fuel costs
- you pay the operator 50% of takings and the fuel cost is shared
- you pay the operator 45% of takings and you pay 100% of the fuel costs
- you pay the operator 45% of takings which increases if takings exceed a set sum
- you pay the operator different percentages depending on the takings.

What is a reasonable set pay-in amount?

As two separate parties entering into a commercial agreement, it is up to the driver and the operator to negotiate what the set pay-in amount should be. There are a number of factors that may influence the set pay-in amount being requested. If you are driving the taxi during a typically busy period (for example, Friday and Saturday nights), then the set pay-in amount may be greater than if you are driving the taxi during typically quieter periods (for example, during the week). It is usual for a driver to be responsible for the fuel costs under a set pay-in arrangement and these and other costs need to be factored into your decision.

By entering into a set pay-in arrangement, the driver assumes all of the risk and keeps all of the profits associated with takings over the set pay-in amount. While this arrangement can work well for experienced drivers, it can place inexperienced drivers in a position of vulnerability and potentially exposes them to significant financial risk or loss. This is why the new laws have introduced restrictions on set pay-in arrangements.

What insurance cover should I have?

It is recommended that an operator should take out and keep current:

- a comprehensive insurance or third party property policy for the taxi
- personal injury insurance covering personal injury to the driver, relating to the taxi service bailment agreement
- public liability insurance with a reputable insurer to cover the driver for his/her legal liability when operating the taxi.

As part of your commercial negotiations, it may be agreed that you contribute to the costs of insurance for example, by paying a percentage of the insurance premium that equates to the cost per shift. It is recommended that you gain an understanding of what insurance cover you have under the bailment agreement so that you are fully informed and can decide whether the level of insurance is appropriate, or whether you need to take out further insurance for yourself.



Australian Taxi Industry Association

ANNUAL REPORT

2010
ANNUAL REPORT

some very worthwhile recommendations among them.

We continue to receive complaints from passengers who have been issued receipts in taxis that have the wrong taxi network, and wrong taxi number printed on them. We have continued to express our concerns at some hand held EFTPOS devices currently being used in taxis where the taxi number is manually entered. We tried to explain the problem to the Legislative Council Inquiry members and continue to urge Transport NSW to take steps to ensure only EFTPOS machines that are hard-wired or use some other tamper-proof system that automatically and accurately records the taxi number be allowed to be used in taxis in NSW. It also follows that we would also like to see a requirement for tolls and other charges payable by the passenger to be captured and displayed on taxi meters and taxi receipts. Such systems exist and we can see no reason why NSW should not be a leader in providing the maximum protection for our customers so they can have confidence in using taxis.

We are not aware of any progress in the implementation of an electronic payment system for TTSS and for WATS Incentive payments, but we can only hope that the government starts moving again on this soon.

The NSW Taxi Council spends a lot of time dealing with local councils and the State Government to improve facilities and access for taxi drivers at taxi ranks, transport interchanges and other places to allow taxis to stop to set-down and pick-up passengers. Steady progress is continuing with the City of Sydney gradually increasing the number of locations where "No Stopping - Taxis excepted (limit one minute)" signs are installed. We are also being increasingly consulted about transport planning for major projects so our voice is being heard.

All members are reminded that the Taxi Journal continues to present issues as they occur and we recommend that members take the time to read our excellent industry Journal. Our printer was placed into liquidation early in the year which delayed our production schedule. With the broader economic

slow-down also affecting our advertisers, this did cause some delays in getting back to our original publication timetable.

The NSW Taxi Council website had a major upgrade this year and this is becoming an increasingly important way of communicating with our members and the public. I recommend members visit the site often as updates to information are now occurring very frequently.

The financial results for the year were significantly affected by additional expenses associated with our activity in opposing the government's reform package. Our underlying financial position remains very sound so despite the loss made this year there will be no increase to subscriptions. The balance sheet of the Association remains very solid.

I'd like to record my thanks to Peter Ramshaw & his staff at Council for their cooperation & assistance during the year. I also thank my fellow directors for their continued support throughout the year and active involvement in meetings of the Association Board and their representation at all general meetings of the NSW Taxi Council.

Brian Wilkins
President
NSW Taxi Industry Association

VICTORIAN TAXI ASSOCIATION PRESIDENT'S REPORT

2010 was a year few in the Victorian taxi industry will forget. It was a year of change and challenge, not the least and most recently being the change of State Government.

It was also a year where new ways and requirements dominated and replaced some past procedure and process.

Nothing more obvious in this regard was the roll out of 550 additional licences into the Greater Melbourne area. The tender process adopted was new to us, and for many a challenging and daunting process.

2010



Australian Taxi Industry Association

STATE REPORTS

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Australian
Taxi Conference**

**Hobart, Tasmania
1 May - 5 May**

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On-Demand**

**2010
STATE REPORTS**

Taxi Driver of the Year Awards

The 2010 Taxi Driver of the Year Awards culminated in another successful Gala Dinner with very worthy winners being awarded their prizes by the Minister for Transport, the Hon. John Robertson MLC. The Minister's speech was very well received due to his acknowledgement of the industry's achievements in providing transport services in the face of ever increasing customer expectations.

Once again, the industry produced some highly deserving award winners.

EFTPOS

We have continued to express our concerns at some hand held EFTPOS devices currently being used in taxis where the taxi number is manually entered. We continue to urge Transport NSW to take steps to ensure only EFTPOS machines that are hard-wired or use some other tamper-proof system that automatically and accurately records the taxi number be allowed to be used in taxis in NSW. The NSW Taxi Council has also raised this matter in submissions to the NSW Legislative Council Select Committee Inquiry into the NSW Taxi Industry, along with the need to mandate printed itemised receipts but remain frustrated at the apparent lack of will to try and stamp out fraudulent behaviour in the industry.

Taxi Industry Reform Package

Three tranches of new licences were released in Sydney during 2010 following the introduction of the reform package in late 2009.

Transition arrangements involved the release of 100 new taxi licences in Sydney which were put to public tender during January 2010. A further 316 licences were released by tenders held in September and December, 167 of these were new licences and 149 were licences to replace existing licenses that were due to expire during the year. 90 of the new licences were restricted to applicants who were existing taxi drivers.

A lot was learned it seems from the first tender which was paper-based. The last tender was administered electronically and this worked more smoothly due to more thorough validation and checking prior to lodgement and also the speed and efficiency of processing tender responses.

The prices bid for licences in the tender remained high and we have concerns about the impact this may have on the viability of taxi operators.

Submission
No 42

INQUIRY INTO NSW TAXI INDUSTRY

Organisation: NSW Taxi Council Ltd
Name: Mr Peter Ramshaw
Position: Chief Executive Officer
Date received: 22/01/2010

Partially Confidential

taxi driver. This enables a driver's previous history to be taken into account in deciding what action to take. The Networks are held accountable by NSW T&I for their performance in responding to customer feedback. NSW T&I monitors statistics on the time taken to have any complaints resolved and response provided to the customer who initiated the complaint.

Taxi drivers are also accountable to their taxi operator for a range of matters including pre-shift inspection of vehicles, vehicle cleaning and similar matters.

The NSW Taxi Council employs Quality Liaison Officers that spend time on the road providing information to taxi drivers. These officers also report problems to networks and/or NSW T&I as appropriate.

Taxi drivers are also subject to random on-road checks by Police and NSW T&I authorised officers at any time and held directly accountable for compliance in relation to matters such as driving behaviour, wearing the correct uniform, customer service and record keeping relating to driver worksheets. Joint operations involving several federal and state government agencies are also conducted at frequent intervals.

One area of potential weakness in relation to the accountability of taxi drivers is the ability for customers to identify the vehicle in which a journey was undertaken based on receipts issued from an EFTPOS machine that is not 'attached' to the taxi-cab it is used in. It is in the public interest for receipts issued inside taxis to reliably identify the time, date and the taxi among other things. However, this cannot be enforced unless the EFTPOS machine is attached to the taxi-cab. The industry remains frustrated by cases where passengers have a receipt but the industry is unable to follow-up a complaint because the receipt does not contain the correct details of the driver or the taxi-cab. Regulations in Victoria stipulate the type of EFTPOS machine that can be used in taxi-cabs.

Recommendation 3

A regulation be introduced to stipulate that EFTPOS devices must be attached to the taxi-cab and taxi driver details entered at the start of a shift in such a manner to ensure that correct identification details of the taxi cab, authorised taxi network, taxi driver ID and taxi driver ABN are printed on all receipts issued.

Passengers' confidence regarding the accountability of taxi drivers in relation to charging the correct fare is undermined by the lack of detailed receipts that identify all items that have been charged for. This includes for legitimate charges such as radio booking fees, as well as road and airport tolls for which the passenger is liable. The lack of itemised receipts leaves passengers vulnerable and gives rise to suspicion and complaints where passengers believe they have been overcharged. This brings rise to two issues:

1. The need for all charges to be made appear and be recorded by taxi meters and;
2. The need for itemised receipts to be made mandatory including details of all charges including fare components, extras and tolls.

The first issue can be addressed by developing and mandating the use of a device that can "tell the meter" when a toll charge has been accrued by the journey. Costs associated with such a device include development and initial installation costs as well as ongoing costs of remote updates to the

table of toll charges. It is the view of the NSW Taxi Council that the public benefit of such devices justifies the use of funds already collected from the industry through licence sales/leasing and operator accreditation fees by NSW T&I to fund the initial installation in all Sydney's taxis. The costs of ongoing updates will need to be met by the industry itself.

The second issue can then be addressed through regulation.

Recommendation 4

NSW T&I fund the installation of toll-meter interface devices to record tolls on taxi-meters and introduce a regulation to make such devices mandatory in Sydney taxis.

Recommendation 5

A regulation be introduced to make it compulsory for printed receipts to be issued upon request that contain the fare and toll details recorded from the taxi meter and identification from the EFTPOS machine to ensure the receipt contains unadulterated details of the taxi vehicle, authorised taxi network, taxi driver ID and taxi driver ABN, time, date, location and itemised amounts for all fare components, extras and tolls.

Taxi Operators

Taxi operators are responsible for the supply and maintenance of equipment in the taxi-cab and the vehicle itself. The operator is also responsible for ensuring only authorised taxi drivers use the taxi-cab.

Taxi networks monitor vehicle condition and are able to hold taxi operators accountable using their own compliance officers as well as information provided by taxi passengers through the Customer Feedback Management System (CFMS) and information provided by the NSW Taxi Council Quality Liaison Officers. The earlier recommendations relating to EFTPOS equipment and printed receipts are also aimed at making it easier for taxi passengers to hold taxi operators accountable by providing reliable information about their journey and the identity of the taxi and taxi network.

Taxi operators must ensure that the taxi-cab is subject to and passes a regular inspection regime. Taxis in the major urban areas must be inspected 3 times per year at an Authorised Taxi Inspection Site (ATIS), by an authorised examiner. Taxis in other areas are subject to the same process but at less frequent intervals because these taxis travel less kilometers. ATIS' must be approved by NSW T&I and also be approved as AIS sites by the RTA. The inspection involves a regular vehicle roadworthiness inspection (pink slip) plus a comfort standards inspection (magenta slip). These inspections are conducted in accordance with a defined procedure that includes testing the calibration of the taxi-meter, verification that the alarm and vehicle tracking device have been tested, testing of the security camera and a range of other matters.

Taxi networks ensure that taxi operators comply with the requirements for ATIS inspections by requiring operators to present their inspection records following each regular inspection.

Each ATIS is itself subject to two audits per annum conducted by the NSW Taxi Council. These audits are used to ensure that inspections are being carried out properly and correct records are being



blindness and low vision services

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Vision Australia (previously RBS, RVIB, VAF Limited - incorporating the former businesses of Royal Blind Society, Royal Victorian Institute for the Blind and Vision Australian Foundation) responded to the review of the Taxi Transport Subsidy Scheme on 26 August 2004 as follows:

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Mr John Lee
Director General

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and
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The Ministry of Transport
GPO Box 1620
SYDNEY NSW 2001

[Referral
Form](#)

Dear Mr Lee,

[Vision
Australia
Submission](#)

Re: TTSS Review

[Asthma
Manager](#)

Thank you for the opportunity to comment on the review of the Taxi Transport Subsidy Scheme. This scheme is of significant value to people who are blind and vision impaired and is one which Royal Blind Society asks the Government to maintain and strengthen.

[Publication](#)

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our
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We are pleased that the Ministry of Transport has undertaken to review the TTSS as the blind community has had concerns with a number of operational aspects of the scheme for many years. In particular, concerns have been raised in the past regarding the use of the paper voucher system and its potential for abuse given that people who are blind usually have to rely on the taxi driver to fill out the forms. This issue along with others is covered more fully later in our comments. We would like to point out that while some of our

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comments question the honesty of drivers, and there is some evidence that in dealing with blind people some drivers have been less than honest, most drivers have been courteous, helpful and honest.

The TTSS is a scheme which along with Federal Government initiatives, such as the Mobility Allowance, delivers an option for more affordable personalised transport which can support people with a disability to better access all aspects of community life including employment, recreational and social activities, as well as shopping and health related appointments. Therefore we applaud the underlying principle of the review to streamline and expand the scheme at the same time as addressing some of its operational shortcomings.

1. How to address fraud risks and control weaknesses - including punitive measures for dealing with Scheme abuse.

People who are blind or have significant vision impairment, whether they are users of the TTSS or not, have been in a vulnerable position as taxi users for many years. The current metering technology utilised by the taxi industry does not allow for a blind passenger to verify the metered fare. Unless you are being accompanied by a sighted passenger to check the fare or you are traveling along a regular route and have an idea what the fare should be, it is entirely up to the honesty of the driver to tell you the correct amount. It is common to talk with blind people who have had experiences of paying more than they believe should have been the case for particular taxi journeys.

As far as the TTSS is concerned most blind people rely on the taxi driver to complete the M40 voucher so there are essentially two opportunities for the metered fare to be inflated. The first being that the driver can tell the blind passenger an incorrect amount and the second being that in filling out the voucher the driver can nominate any amount they wish. There is anecdotal and hard evidence of both these occurring.

We have learned from some blind people who are participants in the TTSS that in checking the validity of some voucher claims by drivers that journey details have been falsified to allow for an inflated fare and inflated M40 claim. One example is where a blind person traveled from Sydney CBD to Glebe using an M40 but that the detail shown on the claimed voucher showed a journey from Sydney CBD to Dee Why. This allowed the claimant to inflate the journey cost and therefore the voucher value.

Another issue is that in handing the M40 book to the taxi driver in order for them to fill out the voucher details a driver can remove multiple vouchers from the book. Most people who are blind try to minimise this risk by signing a single voucher and removing it from the book prior to giving it to the driver however we still rely on the drivers honesty to complete the voucher.

The trial using the credit card instead of the voucher will remove this risk however given that in the Sydney metropolitan area the trial will still rely on the driver to input the fare/M40 amount, there will still be potential for abuse.

We would ultimately like to see a system which links the meter to the EFTPOS and possibly a TTSS to verify journey details, so that all elements of abuse can be minimised. We would also like to see a system whereby the meter technology will verbalise the fare amount through synthetic speech so that a blind passenger can verify the fare.

While the honesty of drivers can sometimes be questioned it is not unknown for users of the TTSS to abuse the system also. The trialing of the card and its potential long term use will assist to minimise the abuse however we are of the opinion that where abuse is identified that action should be taken. This could be threatened withdrawal of the TTSS temporarily or permanently, depending on the level and continuing nature of the abuse.

We also recommend that consideration be given to using a photo ID style card as the TTSS card so that drivers can more readily identify legitimate users.

2. How to ensure the full costs of the Scheme are identified and the full benefits are realised.

We strongly believe that the "real costs" of the TTSS will become clearer once the new card has been trialed and rolled out to all participants. This will help to minimise fraud and abuse and give more timely and accurate information about the actual costs.

The full benefits of the scheme will result from better overall management, eliminating inefficient work practices, such as the paper voucher system, and expanding the scheme to groups which might not have access currently.

3. How to improve service levels to beneficiaries

Improved service to users of the TTSS and taxi drivers will arise as a result of the replacement of the voucher system with a card. There will be less opportunity for purposeful or accidental abuse, administration and management efficiencies, drivers having less paperwork to complete and opportunity for drivers to be reimbursed more quickly.

While the management of the current paper voucher system has usually been very efficient there have been delays in distributing replacement books and administrative error. The M40 card will eliminate much of the clerical work and should result in a better system.

4. How to cater for growth of the Scheme

As mentioned in the opening comments, the TTSS is of significant value to people who are blind and vision impaired. While we understand that the proportion of those accessing the scheme because of sight loss would be small compared to other disabilities it is vital that sight loss remain as an eligibility criteria for accessing the scheme.

We would suggest however that given the nature of some disability and incapacity there should be reviews of eligibility. These reviews should not be burdensome or designed or managed in a way which is threatening or

4 Controls against MPTP-related fraud

At a glance

Background

The Multi-Purpose Taxi Program (MPTP) has a history of fraud committed usually by taxi operators. Fraud prevention and control is therefore one of the Victorian Taxi Directorate's (VTD) key priorities. In May 2008, a new Audit and Investigations Unit Manager was appointed to give renewed focus to this area.

For the purpose of this audit, the *Australian Standard 8001–2008 Fraud and corruption control* has been applied as it provides a comprehensive guide for controlling the risk of fraud.

Key findings

- VTD does not have a fraud control plan based on a risk assessment of the likelihood and exposure to types of fraud.
- VTD does not have documented protocols with Victoria Police regarding information exchange, liaison and investigations in cases of suspected fraud.
- Reporting of fraud both internally to the Department of Transport and externally to the Auditor-General and Minister for Finance has not occurred.

Key recommendations

VTD should:

- develop a MPTP fraud control plan based on a risk assessment consistent with the *Australian Standard 8001–2008 Fraud and corruption control* (Recommendation 4.1)
- finalise its memorandum of understanding with the Victoria Police about information exchange, liaison and investigation for suspected cases of fraud (Recommendation 4.2)
- improve reporting of suspected fraud by providing relevant details to the Department of Transport and comply with the requirements of the Minister for Finance's Direction 4.5.4 (Recommendation 4.3).

4.1 About MPTP fraud

Multi Purpose Taxi Program (MPTP) members are often elderly and/or suffering from disabilities that make them vulnerable targets for MPTP fraud-related activity. The incidence of fraud has been an ongoing concern for the Victorian Taxi Directorate (VTD).

In 2004, the Department of Transport (DOT) linked taxi meters directly to EFTPOS terminals in taxis to ensure that only the metered fares could be charged to passengers, with the MPTP paying half the fares.

According to MPTP Panel reports, this initiative reduced the risk of fraud, saving what VTD estimated as some \$3.1 million in 2004–05. However, we were unable to confirm this figure due to the lack of substantiating documentation at VTD.

We assessed the effectiveness of VTD's fraud identification and mitigation activities using *Australian Standard 8001–2008 Fraud and corruption control*. The standard outlines a better practice approach to controlling fraud and corruption for use by public sector agencies.

4.2 Fraud control and governance framework

4.2.1 Fraud control plan

The standard states that organisations should develop a plan to control its exposure to fraud at the strategic and operational levels. A key component of the plan is a risk assessment of the likelihood and exposure to types of fraud. The standard recommends that the plan should be updated regularly, at least every two years.

VTD does not have a documented fraud control plan. DOT has fraud prevention guidelines that were last reviewed in 2005 but the guidelines do not make reference to VTD and it is not evident they are followed by VTD.

The main types of MPTP fraud identified by VTD included:

- inappropriate use of lost/stolen MPTP cards
- collusion between taxi drivers and members and/or relatives
- use of a member's card by a family member
- excessive and/or inappropriate use of emergency vouchers including claims for trips not taken
- taxi drivers using a MPTP member's card when collecting a fare from another passenger
- a taxi driver allowing the meter to run before commencing a trip.

VTD does not maintain a fraud risk register and has not systematically identified and assessed risks and developed risk mitigation strategies as part of a fraud control plan. This places VTD at a disadvantage strategically in determining where to maximise the allocation of resourcing to prevent and control fraud.

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.