



Australia Pty Ltd

Mpos Australia Pty Ltd
ABN 45 107 511 624

4a/642 Albany Highway
East Victoria Park
Western Australia 6101

Phone: (08) 9472 38 99
Fax (08) 9472 36 99

10 November 2011

Submission

Your Reference: C2011/815

Attention: Anna Giannakos

Re: Notification N95566 lodged by First Class Taxis Pty Ltd (First Class)

Mpos Australia Pty Ltd (Mpos) provides the following objections to the third line forcing application lodged by First Class.

The points and commentary on each is as follows:

- 1. "Provide a charge account system which gives passengers a line of credit to pay for fares and related charges."***

There is, to our knowledge only, one service which specifically gives a credit facility to customers and this company is Cabcharge. Inclusion of this provision would limit the ability of the cab owner or the driver to charge less of a surcharge to customers than that applied by Cabcharge.

This provision would in effect determine that no other service provider other than Cabcharge would be able to satisfy "All" of the criteria.

Cabcharge currently apply a surcharge (plus GST) of 10% to all charges made by the driver on all electronic transactions. There are service EFTPOS providers that currently apply a lesser charge than this level and these include Taxis.net.au @ a rate of 8.49% Inc GST.

Mpos itself currently do not charge a surcharge and any surcharge applied by the Mpos terminal users is at their discretion. This provides the driver with a potential increased revenue stream and the ability to reduce the surcharge amount to customers. There are already drivers and companies who apply reduced or less surcharge than the industry norm by using the Mpos product

This potential benefit would not be available and Mpos would be excluded from competing in the market for either the customer or the cab owners or the drivers should this present application be granted.

The relationship for services is between the driver and the passenger. Drivers are not usually full time employees, they are more usually shift drivers. Even though there may be a credit facility, a driver at the end of the day has the final say as to how he is paid by either accepting a job on account or not from the dispatch company, ie First Class taxis.

2. "Provide a payment system which allows the taxi driver to process non-cash payment systems and other payment systems mandated by law."

Without commenting on the comment "mandated by law" - this service is provided by several EFTPOS providers and subject to the other terms is, not of its own, a perceived restriction to the market competitiveness.

3. "Provide processing services which facilitate the distribution between First Class and the taxi driver of passenger fares received by EFTPOS."

Without specifically commenting on the ability of other providers Mpos are able to facilitate this distribution process. It is however a potential restriction of trade as there may be other providers that require payment to one account and not facilitate the payment splitting proposed.

4. "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."

The provision of the specification does not provide additional "visibility" to First Class as they are already in possession of the travel data via their despatch and meter monitoring programs. This added requirement will restrict the service availability and provide for additional expense to the driver in installation, maintenance, and potential down time when a terminal is inoperative. Portable devices independent of the vehicle are preferable as they give greater flexibility without any additional installation costs.

5. "Provide a payment system which does not permit payment of any monies into an account other than those designated by First Class."

Under the Mpos agreement this can be facilitated and we know that other EFTPOS providers are able to accommodate this request. The approval processes and changes to account details would potentially cause additional administrative burdens on the EFTPOS providers and in this manner may be an increased cost to the drivers. Whilst this may not reduce the competition between EFTPOS providers and increase costs to the consumer it may cause reduced competition between the banks to the detriment of the cab owner or driver.

We would see this as an agreement between First Class and the cab owner or driver without reference to the Terminal service provider.

Conclusion

The application as proposed will restrict the ability of the cab owners and cab drivers to access competitive EFTPOS providers. It will exclude MPOS from the market as a genuine competitor and removes the opportunity for the cab owner/drivers to utilise a competitive service provider. Such a

restriction has the effect of ensuring that only one current terminal service provider is able to satisfy all the selection criteria. As a result the consumer will continue to be charged the higher applied surcharges to the EFTPOS transactions.

Mpos formally objects to the third line forcing application.

Yours faithfully,



Chris Kelsey

**Chief Executive Officer
Mpos Australia Pty Ltd**

