

Level 8
175 Eagle Street
Brisbane QLD 4000
Australia

GPO Box 617
Brisbane QLD 4001
Australia

Tel: +61 7 3069 6200
Fax: +61 7 3069 6201
www.bakermckenzie.com

Our ref: 50067874

Your ref: 57520

By email
richard.chadwick@accc.gov.au

Asia Pacific

Bangkok
Beijing
Brisbane
Hanoi
Ho Chi Minh City
Hong Kong
Jakarta*
Kuala Lumpur*
Manila*
Melbourne
Seoul
Shanghai
Singapore
Sydney
Taipei
Tokyo
Yongon

**Europe, Middle East
& Africa**

Abu Dhabi
Almaty
Amsterdam
Antwerp
Bahrain
Baku
Barcelona
Berlin
Brussels
Budapest
Cairo
Casablanca
Doha
Dubai
Dusseldorf
Frankfurt/Main
Geneva
Istanbul
Jeddah*
Johannesburg
Kyiv
London
Luxembourg
Madrid
Milan
Moscow
Munich
Paris
Prague
Riyadh*
Rome
St. Petersburg
Stockholm
Vienna
Warsaw
Zurich

Latin America

Bogota
Brasilia**
Buenos Aires
Caracas
Guadalajara
Juarez
Lima
Mexico City
Monterrey
Porto Alegre**
Rio de Janeiro**
Santiago
Sao Paulo**
Tijuana
Valencia

North America

Chicago
Dallas
Houston
Miami
New York
Palo Alto
San Francisco
Toronto
Washington, DC

* Associated Firm
** In cooperation with
Trench, Rossi e Watanabe
Advogados

24 September 2015

Dr Richard Chadwick
General Manager Adjudications
Australian Competition and Consumer Commission
23 Marcus Clarke Street
Canberra
ACT 2601

Dear Dr Chadwick

ihail Pty Ltd application for authorisation [A91501] - request for information

We refer to the Australian Competition and Consumer Commission's (**Commission**) request for further information dated 24 September 2015 in relation to ihail Pty Ltd's (**ihail**) application for authorisation.

We note the Commission's concern that there is only one payment type available under the proposed ihail app, being payment via credit card or Cabcharge card which is registered when the user signs up to the ihail app and that the surcharge for each type of card (being between 5% or 10% depending on the jurisdiction) will not be included in the calculation of the fare estimate generated by the app.

In response to this latest concern raised by the Commission, ihail has made some technical enquiries to determine whether it is possible to modify the calculation methodology to include the relevant surcharge and is instructed that a modification to the calculation methodology for the fare estimator can be made to ensure that the estimate includes an allowance for the surcharge payable for payment via credit card in each jurisdiction.

ihail proposes that the calculation methodology will be prepared on a state by state basis to ensure that the customer receives an accurate estimate of the surcharge payable on the fare. For example, in New South Wales, Victoria and Western Australia an additional 5% will be added to the fare to allow for the credit card surcharge. In all other states and territories an additional 10% of the fare will be added to allow for the credit card surcharge in those states.

As a separate matter that may be of interest to the Commission, Cabcharge cards are not subject to GST. Therefore as ihail allows users to register multiple payment options we cannot technically alter the fare estimator to take into account the payment method. Therefore, ihail will provide a fare estimate on the assumption that a credit card is being used to pay for the trip. As such the disclaimer for the fare estimator in the app reads:

“The amount displayed is an estimate only, calculated on the basis of distance, the time of pickup, route and car type, and includes GST for a booking processed via Credit Card. The amount excludes any discounts that may be applicable for any particular payment type, any applicable extras, tolls, airport charges or the journey time. Actual fares may vary based on the route chosen.”

In the event that the user elects to use a Cabcharge card to pay for the trip at the conclusion of the journey there may be no GST payable on the transaction. Hence the actual fare may be slightly less than the fare estimate (assuming all other variables remain constant). ihail notes that any differential is likely to be negligible and to the benefit of the customer.

Yours sincerely



Jo Daniels
Partner
+61 7 3069 6220
Jo.Daniels@bakermckenzie.com

Cc: Gavin Jones
ACCC
By email: gavin.jones@accc.gov.au

Jaime Martin
ACCC
By email: jaime.martin@accc.gov.au