



14 October 2015

Australian Competition & Consumer Commission
GPO Box 3131
Canberra ACT 2601

Attn: Mr. Jaime Martin

Subject: A91501 – ihail Pty Ltd - submission

With reference to your letter dated 12 October 2015 of above, we are pleased to attend the pre-decision conference in relation to the draft determination. Would appreciate if you could let us know the date and time of conference.

Cabbieexpress International Limited supports the ACCC's Draft Determination not to grant interim authorisation to the arrangements as proposed in the ihail Pty Ltd submission A91501 for joint venture arrangements between Australian and International Taxi Networks. Our reasons are as follows:

1. We view the arrangements as proposed in this application to be grossly monopolistic in the view that "All ihail fares can only be paid through the app, with in-taxi payment not permitted. As such, passengers will only be able to pay for fares using their registered credit card or Cabcharge card. Cabcharge will provide all payment processing services".

Over the past two decades Cabcharge have exhibited unconscionable behaviour by actively denying 3rd party in-taxi payment processors access to their scheme and discouraging drivers to accept credit / debit card payments by way of non Cabcharge EFTPOS terminals. The application seeks to legally eliminate any choice for the driver to process payment by credit card or the passenger the opportunity to choose their preferred method of payments for example cash. We agree with the view expressed by the ACCC that this measure will have a detrimental effect on other non-cash payment processors access to drivers and passengers.

2. "Passenger using the ihail app will be able to offer an upfront priority dispatch payment (that is, an amount over and above the cost of the fare) at the time of booking a taxi in order to encourage drivers to accept their booking request".

The implementation of any form of priority dispatch payment could be seen as forced incentive, one could be almost mistaken to describe it as possible a driver kickback. Cabbieexpress wish to highlight to the ACCC the following possible implications should this particular arrangement is permitted:

- a. In other words ihail and its joint venture partners are suggesting with this particular arrangement that the only way their service can ensure drivers accept a

- booking is for passengers to pay an unspecified incentive just to ensure that they even considered a viable pick up.
- b. Over time this “incentive payment” will create an exponential escalation of monetary expectations beyond the maximum permitted metered fare. It is quite conceivable the priority dispatch payment will increase as a proportion of the total journey charge when compared to the actual fare component. Thus drastically increasing the \$/km charge.
 - c. The inducement is intended to reduce if not eliminate 3rd Party Booking Apps and other non-cash payment services from accessing the taxi driver.
 - d. In effect the ihail arrangements are seeking to create a legal framework for the oft criticized Uber surge pricing algorithm. This alone may contravene the maximum fare requirements as per NSW Passenger Transport Act 2014
3. The NSW Government after much industry stakeholder consultation is proposing to separate the functions of the taxi journey booking services from those of the Taxi Network through the proposed *Passenger Transport (Taxi Networks and Booking Services) Regulation 2015*. The proposed ihail arrangements appear to ignore the proposed regulatory separation that has been endorsed by industry stakeholders.

Our conclusion regarding the proposed ihail arrangement with the initial joint venture members; Yellow Cabs, Silver Top Service, Black and White Cabs, Suburban Taxis and Cabcharge, is that ihail and the joint venture partners are seeing to avoid and eliminate any decoupling of functions what in the past has been controlled by a few Taxi Networks with a single source supplier of job dispatch technology together with a monopolistic non-cash payment processor. This cartel like arrangement is proposing to use modern technology to replicate an antiquated business model that has been shown to be detrimental to the drivers and the travelling public such as A30112.

Cabbiexpress endorse the separation of functions and full transparency of service charges without the need for any third line forcing.

Yours sincerely,

Lucas Mueller
Director