



**VICTORIAN  
TAXI  
ASSOCIATION**

Suite 2, 85 Salmon Street, Port Melbourne VIC 3207  
Telephone (03) 9676 2635 Facsimile (03) 9676 2643  
[www.victaxi.com.au](http://www.victaxi.com.au)

Mr Gavin Jones,  
Director – Adjudication  
Australian Competition and Consumer Commission  
Sent to: [adjudication@accc.gov.au](mailto:adjudication@accc.gov.au)

5 November 2015

Dear Mr Jones,

**iHail Pty Ltd application for authorisation A91501 – draft determination**

I write in response to the publication of the ACCC's draft determination on the application for authorisation submitted by iHail Pty Ltd. I understand this letter has not been submitted in time to be considered as a submission in response to the draft determination but I hope it will influence the thinking of those considering such developments in the taxi market in months and years to come.

The Victorian Taxi Association (VTA) is an industry association which represents the interest of taxi networks and operators across Victoria. Whilst the VTA makes a point not to involve itself in matters of commercial interest for our members or industry participants more broadly, the challenges currently facing the taxi industry in Victoria, and indeed around Australia and the world, caused by the emergence of illegal competitors necessitates our interest in booking technology from a policy perspective.

Regulators at all levels have failed to effectively enforce legislation and regulations that are designed to prevent the illegal operation of commercial passenger vehicle services which is still occurring in a highly coordinated and deliberate way on an international stage and throughout Australia.

Regardless of whether or not passengers like the technology or service being offered by these entities, they are competing with regulated services on a playing field which is far from equal and which actively prevents competition on parity by existing legal providers. It is the democratic right of companies that provide ride hailing services to advocate for change to accommodate a more flexible service delivery approach but in the meantime existing laws should be complied with and enforced.

As a direct consequence of this regulatory failure, the taxi industry in Victoria and around Australia is being forced to try to respond to this challenge and innovate to offer the customer new ways of accessing their services which responds to the desires being revealed in the market.

The taxi industry is feeling more pressure from an increasing array of substitute products including increasingly sophisticated car sharing schemes, more demand responsive public and community transport and the blurring of the distinction between taxis and hire cars (chauffeur driven cars) due to technology and reducing regulation in addition to pressure from third party booking apps.

We feel the draft determination published on application A91501 is testament to the fact the ACCC have essentially missed the point as to where the competition exists in regards to pre booked commercial passenger services and are in effect preventing taxi booking companies from innovating and developing new technology to give customers what they want.

It is only reasonable to assume that given recent strides in technology, and the likely forthcoming adjustments to regulation at a state and territory level, many of which were effected in Victoria following the Fels Inquiry already, that competition for passenger transport will occur at the booking level. The competition to attract the consumer to book using a certain mechanism and to create loyalty will determine the competitive position of providers in this market.

Innumerable benefits to consumers would flow from the establishment of an app with access to a large fleet of taxis across Australian cities and internationally, and we dispute the arguments advanced as to how the impact on competition between networks would lead to consumer detriment. Were customers displeased by the potential inconsistency in quality or standards experienced when booking through the iHail platform which is pointed to in the draft determination, they could simply choose to use the app of particular network which they prefer and which has a market positioning which is best aligned with their preferences.

Networks are two-sided markets which only succeed by both satisfying the demands of passengers and their affiliated operators. If, beyond the supply of work generated through the iHail app, any given network cannot differentiate themselves sufficiently or justify network affiliation fees to existing and potential affiliates, they will fail to be able to satisfy supply. These competitive pressures remain relevant with or without a consolidated booking app.

It is within this context that we argue that in light of the changes to the regulatory structure of the industry currently underway, the benefits that cutting edge booking technology delivers for taxi users far outweighs any competitive detriment that could be caused by authorisation of this application.

Finally, the idea that the provision of electronic payment processing services by a single provider is inherently anti-competitive is hard to understand. All apps, including third party booking apps and indeed those that facilitate access to illegal ride hailing services establish exclusive processing arrangements to support their transactions. Whether or not the proposed supplier is an existing significant market player or not should have no bearing on the application in our view.

Regards,

A handwritten signature in black ink, appearing to read 'D. Samuel', with a stylized flourish at the end.

**DAVID SAMUEL**  
**Chief Executive Officer**