



07 December 2015

Australian Competition & Consumer Commission
GPO Box 3131
Canberra ACT 2601

Attn: Jaime Martin

Subject: A91501 – ihail authorisation - proposed amendments

With reference to your email dated 10 November 2015 for interested parties to provide a submission in relation to the proposed changes of intended conduct, Cabbieexpress International Limited supports the ACCC's Draft Determination not to grant interim authorisation A91501 to the arrangements as proposed in the ihail Pty Ltd submission for joint venture arrangements between Australian and International Taxi Networks.

The amendments as outlines in the letter from Baker McKenzie dated 06 November 2015 offers very little substance in assuring that an open competitive market enabling both driver and passenger to freely choose what services are available offering that great benefits to the travelling public without any artificial restrictions on competition Our reasons are as follows:

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 intended purpose of decoupling the various services is to enable drivers and passengers' greater transparency in choosing the type of services that offers the best value. This relates in particular to the choice of payments, booking and in car security for the general public.

However, the proposed ihail and Cabcharge joint venture amendments are aiming to ignore the regulations of decoupling of the various services in taxi industry by way of A91501 creating a super network of taxi companies.

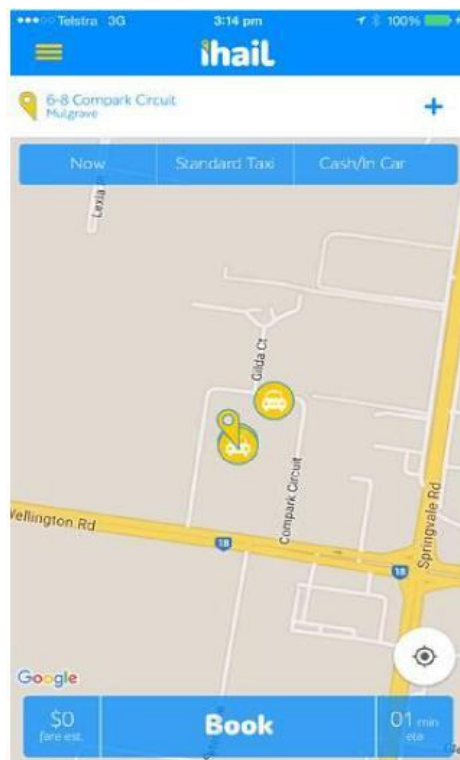
- Payment Processing (on page 1 of Submission by Applicant 06.11.15)

Cabbieexpress is concerned with the following statement in their proposed amendments:
"To ensure that ihail retains protection for drivers from customers who flee fares, damage taxis or do not show (and will therefore be charged a No Job Fee), ihail will still require customers to register a credit card through the app at sign up."

Their argument for the need in collecting the passenger's credit details prior to the completion of the journey is flawed. Currently when a passenger books (using a call centre or some 3rd party booking apps) they only need to give their name and mobile

number. No credit card details are exchanged at this point of the transaction. There is absolutely no need to collect payment details prior to booking especially for the reasons they state “customers who flee fares, damage taxis” etc. as it is highly improbable that a passenger use a mobile booking app will damage or the flee without paying. This anti-social behavior is more likely to occur from a street hail passenger.

In their proposed amendments they say “ihail has revised its app design so that the selection of payment option (including in-car) will be available through the main booking screen for every booking. Figure 1 shows a mock-up of the new main booking screen that customers will see upon accessing the app.”



This mock up screen above is copied directly from page 2 of their proposal. It is almost meaningless when trying to understand how it relates to their promise to enable in car payment by 3rd party payment providers. To a user the menu “Now” “Standard Taxi” “Cash/In Car” offers no indication or clarity that the passenger can pay for the booked journey upon completion by an alternate method of their choice. If they really do have a choice then why were they required to provide their credit card details? The reality is that people when presented with a menu items that favour payment through the ihail app will just leave everything to be processed on the app. The “Cash/In Car” menu item is a small yet meaningless concession, to be a truly level playing field no credit card should be collected at passenger registration. As now when a Cabcharge booked journey is completed, the method of payment is made by the passenger and the driver can choose the payment service provider only at the end of the journey.

Impact on service and price competition between taxi networks - choice of operator
(page 3 of Submission by Applicant 06.11.15)

This section of the proposed changes to the app and requires some analysis as to why the ihail/Cabcharge joint venture are now placing on the supposed competition between the Cabcharge associated Taxi Networks.

Cabcharge's close association with numerous Taxi Networks across many geographic markets throughout Australia has given Cabcharge an inordinate influence over the payment systems installed.

By way of A91501, the ihail/Cabcharge joint venture will specify their Taxi Network membership requirements utilizing various state government taxi regulations requiring taxi drivers to be associated with at least one authorised taxi network indirectly forcing their members to comply with the ihail/Cabcharge booking app terms and conditions.

In a forum for Taxi and Hire Car Industry stakeholders hosted by TfNSW (Transport for NSW) in 2012, TfNSW stated their approach for future regulations of the Taxi Industry will be "Customer Outcome First". Having said that, it was acknowledged in the forum that it is not the Taxi Networks that determined the customer outcome but the driver. On any journey from A to B, the driver is the only point of contact with the passenger, this is even more so when a booking app is used. Thus rendering the Taxi Network redundant because the relevance of the Taxi Network in determining the type of experience the passenger has is virtually nil.

The following is taken directly from the Baker McKenzie letter dated 06 November 2015: "... ihail proposes to amend its booking process so that users of the app are required to choose which taxi network services they are booking when they submit a booking request. Under this proposed change, a customer would make a booking request with ihail, which would then show the estimated time for the booking to be serviced by all available networks at the customer's location. Customers would then submit their booking to the chosen network which would then be dispatched in accordance with ihail's dispatch rules and quality standards."

Cabcharge currently provides taxi booking and dispatch services for most Taxi Networks in NSW through CCN (Combined Communications Network) and in Victoria through (13CABS). Currently when a passenger makes a booking, they are not told which network is going to provide the service. In fact, it is entirely up to the driver (who can belong to any Taxi Network) to accept the job.

Therefore we pose the following questions regarding the proposed amendments to the ihail/Cabcharge app booking screen:

- What happens to the well-practiced function of job offload to any available cab regardless of what Taxi Network they are a member?
- Does this enhance overall market competition or restriction?
- Does this feature limit the available cabs operating in area (street hail and rank) to get a job offer?
- What the relevance of the Network rating when the overall experience is governed solely by the driver and passenger?
- Can the Network rating process be manipulated to favour particular network(s)?
- Is this app available to any Taxi Network that is not a member of the joint venture?

This feature only serves further too artificially embed a redundant process in the delivery of the driver / passenger experience. State governments across Australia are proposing industry regulations identifying and separating taxi functions, with the goal of enabling both drivers and passengers to make more informed choices when selecting service providers. This proposed amendment to the ihail booking app is a retrograde step trying to use new technology to bring back an old business process that is no longer relevant and offers no benefits to the consumer.

The proposed “Impact on service and price competition between taxi networks - choice of operator” is a nonsense and at best only offers the passenger a façade of choice, at worst cements a layer of unnecessary and costly business processes.

With reference to “ihail’s net consumer benefit” as stated on page 5 of the Submission by Applicant 06.11.15 our comments are as follows:

ihail Claim	Cabbixpress comment
Compare and select transportation from a range of taxi networks throughout Australia and overseas	Taxi Networks whether in Australia or overseas are irrelevant when choosing a service provider. Usually, a passenger will book their favourite / trusted driver when travelling interstate or overseas.
Book taxis in many locations both domestically and abroad	Cabbixpress offers this service without the need to collect passenger credit card details or asking them to select a taxi network. Payment should be a process post fulfillment.
Select which taxi network services its booking based on price and quality, enhancing competition within the market	Taxi Networks have little or no influence on service quality or pricing. In fact it is up to the individual driver to set the ultimate price. In NSW, IPART regulate the maximum fare allowed with the driver having the option to charge a lower fare. This fare determination process is entirely independent of the taxi Network!
Book high quality taxis from a range of providers due to ihail’s use of smart dispatch and driver ratings	It can be interpreted that here ihail are saying that the driver is the provider of the service especially as they mention their driver rating system. We see this as a contradiction to the proposed Network Choice amendment.
Conveniently pay through the application or in-car, increasingly customer choice	In reality by demanding passenger credit card details up front - there is no real choice in method of payment.

In summary, the proposed changes are pure window dressing and offer no substantive value and benefits to the consumer. The reasons given for the compulsory collection of credit card details are spurious and could be used as a method to restrict and manipulate payment choice to both passenger and driver by way of "smart" app design.

With the inordinately large influence Cabcharge still has in all aspects of the taxi industry market, the proposed compulsory hard wiring of a passengers credit card details with a booking app in a joint venture with Cabcharge associated Taxi Networks will lead to the elimination of competitive 3rd party in car payment systems and booking services by using the Taxi Network membership regulations.

Based on the original application dated 26 May 2015 for ihail to make joint venture arrangements with Taxi Networks and their proposed amendments dated 06 November 2015, Cabbixpress strongly support the ACCC's draft determination denying authorisation A91501.

Yours sincerely,

Lucas Mueller
Director