



11 February 2015

Australian Competition & Consumer Commission  
GPO Box 3131  
Canberra ACT 2601

Attn: Jaime Martin

**Subject: A91501 – ihail Pty Ltd authorisation – further amendments and invitation to provide submission**

With reference to your email dated 5 February 2016 for interested parties to provide to comment on proposed amendments to the ihail arrangements in response to the ACCC's draft determination of 12 October 2015.

After reviewing the *Supplementary Submission, Response ACCC information request* and the *Frontier Economics paper* submitted by ihail, Cabbiepress International Limited remains convinced that even with the proposed further changes submitted the authorisation sought will lead a lessening of competition.

Much in the same way the A30112 was used to require drivers that were members of taxi networks to accept payment via certain approved hiring account systems which intention was to benefit the taxi networks and driver co-operatives. However, over time A30112 was used to force drivers to use only one payment system from one supplier. The supposed original beneficiaries were rapidly subsumed by Cabcharge and/or its affiliated networks and suppliers which also became the exclusive supplier of equipment and payment processing facilities.

Cabbiepress supports the ACCC's Draft Determination not to grant interim authorisation A91501 to the arrangements as proposed in the ihail / Cabcharge joint venture as it may over time lead to a similar outcome as above.

The proposed *further changes* offer no substantive changes to alleviate our concerns that granting authorisation will lead to a more competitive point to point transport market.

Outlined below are the proposed changes to ihail's application as per email dated 5 February 2016:

- enabling users to make in-car payment for bookings made through the app (as proposed in November 2015)
  - Cabbiepress comment: The issues raised on page 1 of our submission of 07 December 2015 regarding payment processing have not been addressed. In summary we stated: 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.

- Therefore, we have not changed our opinion.
- allowing users to select their preferred taxi network as part of the booking process (as proposed in November)
  - Cabbiepress comment: We repeat our concerns raised in our submission of 07 December 2015 and add that in 2.2 (c) Book Now Screen 1,2,3 the option to select a taxi company (previously described in earlier documentation as Taxi Network) contradicts the findings from the TfNSW (Transport for NSW) where they 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 (Taxi Companies) 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 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.

One has to ask why is there is need to list Taxi Networks if their brand is irrelevant in the delivery of passenger satisfaction. Also, in the same section 2.2 (c) taxi networks may be subject to customer rating variables, the question to ask is why? It adds no value to the service selection process, so why it this option included?

- One can speculate as to why the Taxi Network selection option is being offered in the proposed ihail and Cabcharge joint venture is to use A91501 to circumvent the regulations of decoupling of the various services in taxi industry by recoupling services by stealth creating a super network of taxi companies.
- where taxi networks sign up to the ihail app, drivers belonging to that network will be required to individually ‘opt-in’ to receive ihail bookings through the existing network dispatch system (this is a new change proposed by ihail)
  - Cabbiepress comment: Consider that you as a driver of a network and are presented with proposition that your network will now be using ihail, what will you really be thinking? What are the consequences are not opting in, how long will the old existing MT Data radio dispatch system be available, how many booking will be only on ihail etc? Will the ihail booking system be included in the drivers’ monthly radio fees or an extra impost? The drivers might have to “opt in” but in reality they may believe they have no choice similar to A30112.

In section 4.3 of the Supplementary Submission entitled Apps require both drivers and consumer, this whole section is utterly misleading in terms of its relevance to ihail/Cabcharge joint venture.

The general tenant of the section relates to a start-up trying to win market share, but Cabcharge and ihail are not start-ups. ihail admit that they may or may not have access to a potentially large fleet but they neglect to state that Cabcharge has on record the taxi travelling accounts of nearly every Australian business (government and private) as well hundreds of thousands of individuals that use the Cabcharge payment instrument.

We have stated our concerns as to what “drivers opting in” means to an individual driver and it would quite simple for Cabcharge to simply inform their drivers that Cabcharge account

customers that the blue docket payment instrument is being replaced by ihail for customer bookings and payments. Which indirectly affect driver settlement. Also, overtime all corporate accounts, Cabcharge card and eticket scheme will have to use the ihail system. Cabcharge EFTPOS terminals has a monopoly to process all Cabcharge schemes. Will ihail be the only booking app able to accept Cabcharge schemes? Our concern is that A91501 could be another A30112.

In our submission of 7 December 2015 we posed the following questions, as yet none of them have been satisfactorily addressed. We again ask the same questions:

- 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?

In conclusion the ihail/Cabcharge joint venture authorisation A91501 should be refused as it offers no public benefit nor does it comply with the latest trend state government deregulation of the point to point transport industry.

Yours sincerely,

Lucas Mueller  
Director