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By Email

Dear Jaime

Restriction of Publication of Part Claimed

Response to ACCC further information request

- 1 Drivers of wheelchair accessible taxis (WATs) are required under existing legislation or taxi licence conditions to give priority to passengers in wheelchairs. With the ability for users to offer a priority dispatch payment (or 'tip') over the proposed ihail app, how does ihail intend to ensure that a passenger in a wheelchair seeking a WAT:
 - a. is given priority; and
 - b. does not pay more than the usual fare (in other words, other passengers offering a priority dispatch payment does not affect the fare paid by that passenger).

ihail's dispatch system is designed to help ensure priority

The ihail app connects people seeking taxis with people driving taxis. The ihail app does not affect the obligations imposed on a WAT by their licence. ihail will dispatch requests for a WAT with the highest priority.

That is, if a customer specifically requests a WAT, that job will be sent out to WAT drivers ahead of any standard jobs (i.e. customers who have not specifically requested a WAT). This priority will be given regardless of any other work in the system, including jobs where the customer has offered a tip.

Drivers of WATs will only have access to one ihail job at a time. ihail will not enable the cover job display for ihail work, which means that drivers will not know if there are any other ihail bookings available to them.

These dispatch rules, combined with ihail's fleet discipline rules that discourage drivers from deplotting (i.e. cancelling a job once it is accepted), will help to ensure that passengers in wheelchairs are given priority.

Regulation and incentive schemes help to ensure priority

Operators of WATs are required by their licence to comply with certain priority access requirements, which differ from state to state and from licence to licence.

ihail understands that the relevant taxi regulator in each jurisdiction is responsible for enforcing priority access requirements and conducts inspections to ensure WATs perform work as required under their licence conditions.

Taxi networks (including those that will be part of ihail) also have reporting obligations in relation to WATs and monitor driver behaviour.

When they are called in, drivers will be reminded of their licence obligations and the potential consequences, which include the loss of their licence.

In addition to enforcement, some Governments offer incentives, such as payments, for WAT drivers to prioritise bookings made by wheelchair customers.¹

ihail will work with taxi networks and regulators to help ensure that people in wheelchairs have access to WATs. For example, ihail will pass on complaints that it receives from ihail users to the relevant network and/or regulator.

WATs are rarely requested at the times when priority dispatch is likely to apply

A passenger in a wheelchair will be able to request a WAT using ihail at any time. However, ihail understands that WATs are rarely requested at times when priority dispatch would be likely to apply.

ihail anticipates that priority dispatch would be most pronounced during times of peak demand when there may be a shortage of taxis (i.e. Friday night and Saturday night). At other times, ihail expects that the supply of taxis will exceed the demand for taxis.

Telephone booking has traditionally allowed a wheelchair passenger the ability to give instructions in relation to the type of vehicle required (i.e. certain WATs can only service certain chair types), the access arrangements for their primary place of residence and a clear description of what assistance is required. ihail's app will similarly allow passengers to include notes to the driver regarding any special requirements.

In addition to the fact that WATs are rarely requested at times when priority dispatch is likely to apply, there is also a greater number of WATs per passenger requiring such a vehicle than standard taxis per passenger catching such a standard taxi. ihail estimates that there are 2,633 WATs in Australia (or 13% of all taxis) and there are approximately 205,700 wheelchair or scooter users in Australia.² Therefore, there is 1 WAT for every 78 wheelchair/scooter users. In contrast, there is 1 taxi for every 1,077 non-mobility impaired Australians (assuming 23 million non-mobility impaired Australians).³

¹ In December 2015 the NSW Government introduced legislation raising the value of the incentive payment to WAT drivers when they carry passengers in wheelchairs from \$7.70 to \$15.00. This amount is payable by Transport for NSW, not the passenger, for each completed wheelchair passenger booking.

² ATIA statistics (2014); ABS statistics (2012).

³ ATIA statistics (2014); ABS statistics (2012).



Priority dispatch mechanism and expected impact on WAT fares

A priority dispatch mechanism gives a customer the choice to add an incentive for a taxi driver prior to the trip (as opposed to what may currently occur, where a passenger may offer a tip at the end of a ride). If ihail does implement a priority dispatch mechanism, it will ensure that it complies with all relevant laws, including in relation to maximum fares.

In addition, there are three key forces that mean that it is unlikely that, if ihail adopts a priority dispatch function, it will result in passengers that require a WAT paying more for a taxi.

- (a) The design of ihail's dispatch system for WAT bookings ensures bookings made by wheelchair customers are given priority in the booking queue.
- (b) Existing state based regulations and incentive schemes mean drivers are obliged and encouraged to accept wheelchair customers.
- (c) The availability of WAT taxis means there is sufficient supply to meet demand for WAT taxis.

In light of these factors ihail does not anticipate that its priority dispatch mechanism will substantially affect the fare paid by a passenger requiring a WAT.

2 Under the proposed revisions to the ihail app, we note that users will now be able to select their preferred payment method each time they book a taxi (that is, in-car or in-app via a registered credit card). It is not clear from the screen shots provided (in confidential Attachment 1 of ihail's latest submission) whether ihail intends to disclose that a surcharge may be payable depending on the payment method selected by the user. Can you please describe how and when ihail intends to disclose that a surcharge may apply to particular payment methods. In your answer, please explain whether passengers will be advised that payments made through the ihail app will attract a surcharge prior to selecting that option.

In-app payment and certain in-car payments (e.g. credit card) incur surcharges.

The relevant charges, including surcharges for in-app payment, will be explained in the terms of use. Users of ihail will be provided with access to a copy of the terms of use when registering for ihail.

Relevantly, the terms of use will set out the fees that ihail may charge customers, including a credit card processing fee. The relevant term is as follows:

Credit Card Processing Fee - in accordance with the applicable legal requirements (including notice requirements), up to 5% incl. of GST of the Vehicle Fare and Queue Jump Fee in Victoria, WA and NSW. In South Australia, ACT, Northern Territory, Tasmania, Queensland and overseas locations the Credit Card Processing Fee is up to 10% plus GST.

In addition, at the payment selection screen ihail intends to disclose that payments using a credit card will incur a relevant service fee (and the customer will have the option of clicking on the words 'Service Fee' to access ihail's terms of use). The in-car option will also state that a customer can pay by cash or credit card.

By way of illustration, ihail is contemplating that the payment selection screen will appear as shown in [REDACTED]



- 3 Can you please clarify whether the proposed ihail app, as revised, will still offer a 'fare estimator' function. If so, please outline how ihail intends to disclose that a surcharge may apply to the eventual fare. If possible, we would appreciate screen shots of any proposed ihail fare estimator function.

ihail will offer a fare estimator function. In order to obtain an estimate, a user will simply need to tap 'Estimate Fare'. Screenshots showing how the fare estimator will work are shown in [REDACTED]

An explanation of how the fare estimate has been calculated, including inclusions and exclusions, will 'pop-up' each time a customer obtains a fare estimate.

The fare estimator explanation is likely to read as follows:

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 including the relevant Credit Card Service Fee. 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.

The fare estimator will include an allowance for surcharges irrespective of whether the customer selects the in-app or in-car payment option. This assumes a 'worst case' scenario to generate the fare estimate (i.e. it shows what the user would have to pay if they were to use a credit card but this can be avoided if the user elects to pay in-car using cash). Finally, the 'Credit Card Service Fee' text will be a hyperlink to the ihail terms of use, which will set out further detail regarding surcharges.

- 4 We note that screenshot 18 (confidential Attachment 1) illustrates the proposed user interface at the point where the user selects a payment method. In the screenshot provided to the ACCC (that is, 18), it appears that the 'via app (credit card BUSINESS)' payment option is in bold font, while the 'in car' payment option is in regular font. We assume one option appears in bold font for illustrative purposes to demonstrate a user's actual choice. However, can you please confirm whether:
- the payment options presented to ihail users on the payment selection screen of the app will be shown in identical font (that is, size and colour)?
 - there is a default setting applied by ihail if the user fails to make a payment method selection, and if so, what the default setting is? Alternatively, is it the case that the booking cannot proceed unless the passenger makes a selection or has previously entered default preferences.

At present, ihail intends that the screenshot shown in [REDACTED] (will replace the screen shown in screenshot 18 of Confidential Attachment 1 provided to the ACCC on 4 February 2016). This screen will appear each time a customer books a taxi using ihail. That is, a customer will always be asked 'How would you like to pay?'.

When users tap through to this screen a user's current selection will be shown in bold and black, and any non-selected option will be in grey (as can be seen in the screenshot). This will help users to understand what they are choosing.



A user will be able to book a taxi using pre-filled selections without having to physically tap each option (i.e. they can simply hit the 'Book now' button). If a user does not want to proceed with the pre-filled selections, they are able to select the alternative option by tapping the screen.

Using pre-filled selections is common for apps and improves usability by reducing the number of taps required to book a taxi using the app.⁴ Given the number of alternative booking options that users can adopt, ihail needs to offer high levels of usability and convenience to enable it to compete effectively, especially with other app-based booking services.

In ihail's opinion, the most efficient pre-filled selection for payment is via app. In particular, it makes the transaction process quicker (i.e. a customer can exit the vehicle immediately at their destination) and it guarantees that a driver will be paid for the provision of the service (i.e. dealing with customers that seek to evade paying fares).

However, if the ACCC has any concerns regarding ihail's proposed approach to a via app pre-filled selection, ihail could instead pre-fill with the user's most recent payment selection. In other words, each time a user goes through the booking process, the payment option selected during the user's last booking will be displayed in bold and the other payment option will be shown in grey.

Yours sincerely

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⁴ The importance of a reduced number of taps for successful app design is well-recognised. See for example, Marissa Mayer (President and CEO of Yahoo) who coined the two tap rule describing it as follows, "Once you're in the app, is it two taps to do anything you want to do?" (<http://www.businessinsider.com.au/marissa-mayers-new-rule-for-app-design-2015-1>)