



GM Cabs

Submission to the Victorian

Essential Services Commission

Taxi Payments Review 2024

December 2023

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Introduction

GM Cabs welcomes the opportunity to make a submission to the ESC's 2024 review.

Established in 1996, GM Cabs has operated for almost 30 years in many locations across Australia, including Victoria. GM Cabs is justifiably proud of the services it provides to taxi drivers and their passengers. (The GM Cabs group also uses the GM Taxi Pay brand.)

GM Cabs has traded since before the payments price control regime and continues to do so in the current environment. We note that following the last price ceiling set by the ESC, some participants¹ decided to focus their capital elsewhere, outside the taxi industry in Victoria, because the maximum set by the ESC did not allow for commercial recovery.

GM Cabs remains concerned about the risks to profitability in this industry, especially considering the immediate requirement for massive technology change, the decreasing utilisation of taxis and terminals, and an environment where the total number of CPV trips is yet to return to pre-COVID levels.

We understand the Commission's decision not to do a total cost review, and we would add that the costly administrative burden of providing the information coupled with the distance from the review date when compared with the regular cadence of such reviews supports this. We also acknowledge the regulatory pressure under which the Commission is placed. The time it takes to complete a review can hamper our ability to accurately forecast conditions that will apply at the point at which any new determination is implemented. We have to drive our business based on regulated prices that are only viewed through our rearview mirror.

This year, there is an additional factor, which is a requirement for substantial new technology. This is not a choice of investment for profitability; the alternative is

¹ e.g. live payments and live taxi pay

shutting the door and ceasing trading. The costs will not be certain until the ESC's subsequent review.

We would also welcome the opportunity for further engagement with the Commission in relation to this review. Both Commonwealth and State governments across the country have taken the view that taxi payments are unique (which is why this review regime exists). We seek to provide information to the Commission to explain this further.

Executive summary

In this submission, we draw the Commission's attention to :

- Why taxi payments and the associated service fees are unlike credit card surcharges for most retailers and service providers.
- New competitive factors since the last ESC review
- Factors around the utilisation of terminals
- The impact of new technologies in taxi payments

We would remind the Commission of the community benefits of broad acceptance of payment cards in taxis and point out that our long-held business model achieves this positive outcome for passenger convenience and for driver safety. We have previously advised the Commission in some detail of the benefits of having these services readily available.

These include the reduction of crime in vehicles for driver safety, and the benefits of limiting cash-based economy. We also ask the Commission to consider the real impact that further substantial change would have on the payments industry, the taxi industry and the community.

At the time of this review, GM Cabs has been placed in a position where:

- Terminal utilisation is falling.
- We derive no profit from the underlying fare.
- We are not able to charge differentially for taxi-only instruments.
- Like other businesses, we have experienced inflationary pressure on all our costs.
- We must invest substantially due to telco regulatory-based changes.

Given the combination of increasing payment provider costs and falling terminal utilisation, at the same time as huge competitors find ways to end run this regulation, we encourage the Commission to consider returning the price to 5%, including GST.

New competitive factors since the last ESC review

Competitive factors outside of regulation have not only put pressure on market participants as one would expect, but have moved more of the same passengers and the same drivers outside of the regulated space.

We draw to the ESC's attention some recent developments in the taxi market in Victoria. American multinational Uber has recently announced and publicly released a "taxi button" on its booking apps in Victoria. See the attached Uber announcement to taxi drivers² and Melbourne press discussion of the development³.

The issue here is very much one of substantially increased competitive pressure within the market. Not only does the taxi payment processing industry need to comply with the legislation that results in pricing capped at a level set by the ESC, but the competitive pressure on anyone providing services to the taxi industry has increased substantially.

We would remind the Commission that in its delivery of services, including transport, booking and payments, Uber and those entities with a similar business model face no price regulation whatsoever.

Since this new rideshare model of paying taxi drivers for trips starts at a zero base, more of the total trips conducted in taxis will now have payments outside the scope of this review or ESC price ceilings. The result to GM Cabs and others in the industry is decreased utilisation per terminal, resulting in less ability to offset the significant fixed costs.

² <https://www.uber.com/en-AU/newsroom/vic-vehicle-eligibility-requirements/> retrieved 1 Nov 2023

³ See attachment Sourced the Age <https://www.theage.com.au/national/victoria/you-can-now-book-a-taxi-through-uber-as-mortal-enemies-team-up-20231128-p5enaw.html#> retrieved 29 Nov 2023

Separate maximum charges for separate payment instruments

We continue to be disappointed by the Commission's approach to separating the costs for specialist taxi payment instruments.

In very real terms, profits made in that scheme and related businesses add to those for processing the payment, and therefore, the costs of terminals are essentially allocated across a broader range of payments. To the extent that those specific card schemes derive profit from a range of areas (not merely related to the cost of acceptance), locking in trips for related corporations, liquidated damages, related interest-type charges, and account fees. We feel that the total costs available to everybody should be placed across all instruments and the maximum price set accordingly.

The role and approach of the ESC compared to other regulation.

It remains our view that the role of the ESC is to look at the totality of an industry whose prices are under review. We do not feel that a marginal cost analysis, or benchmarking addresses the totality of the industry and its unique dynamics. In particular, non-taxi benchmarking fails to address taxi-specific items such as prevalence of high cost chargebacks, as illustrated elsewhere in this submission.

The approach of the Commonwealth.

Both the Commonwealth Treasury and the RBA acknowledged the taxi payments were somewhat different because of the regulated fare nature of unbooked services and, therefore an inability to recover cost in any particular way, including any averaging measures other than non-cash payment service fees.

We highlight that the case of taxis was viewed very differently by the RBA compared to, for example, airlines (including Qantas and Virgin), who were charging payment service fees but were seen as retaining an ability to recover unusual costs through fares should they arise.

At the time the RBA and Treasury implemented the current general surcharge regime with its *reasonable cost of acceptance* approach with limited permissible costs (for example, training costs were not able to be included); the Bank pointed out that the taxi industry remains different.

Given the greater complexity of the card payment process in the Taxi industry and the fact that most aspects of the industry – including Taxi fares – are heavily regulated, it is suggested it may be appropriate to leave regulation of surcharging in that industry to state regulators, who may be best placed to assess such issues as the actual cost or providing payment services in Taxis and the appropriate rate of return for Taxi payment providers⁴

While explaining its simple and limited permissible inclusions, the Bank stated.

..... "a comprehensive definition that encompassed a wider range of costs faced by diverse merchants might be conceptually appealing," erring on the side of simplicity is likely to lead to an approach to surcharging that is more verifiable and enforceable in practice. In particular, costs that are internal to the merchant are not readily observable to a third party and are likely to be difficult to verify in an enforcement context (and are therefore excluded)."

We submit that both the statutory framework and objectives of the RBA and the ESC are so different that the Commission should consider the entire range of applicable costs as well as factors around industry viability and benefits such as safety.

⁴ Section 4.3.1 of the RBA Review of Card Payment Regulation May 2016

The approach of other Australian jurisdictions.

It has been a substantial time since the ESC completed its review that reduced maximum service fees from 5%. During this time, no other state has chosen to follow – suit; there has been no change from 5% in other jurisdictions.

The informal and formal reviews of transport and similar regulators in other jurisdictions have not encouraged them to review these figures downwards since their inception.

As a result, specific state-based additional costs relating to systems, documentation, receipts, software and training accrue solely for taxi payment providers' Victorian operations.

The nature of costs and revenues around non-cash payment providers in taxis

An example of the typical nature of businesses to whom the Commonwealth regime applies are retailers. For a retailer who derives their profit from selling say, petrol and sweets, any and all payment costs can easily be recovered.

This is not possible in the case of taxis, especially where regulated fares apply. Consequently, in the taxi industry in Australia and other places, payment providers have sought to apply service fees as an opt-in fee-for-service.

It is important to note we do not make money from taxi fares. There is no part of the taxi fare which is held by GM Cabs as a payment provider. The only revenue this organisation can gain from a transaction is a regulated service fee. GM Cabs provides a payment service; it does not provide or charge for the underlying Taxi trip. We charge for our own business offering, a well-known and understood, opt-in, disclosed, user-pays model that supports broad acceptance even given the low-value transactions in taxis, with cash always available as an alternative.

Our model is currently set against a backdrop of a growing number of foreign competitors pricing outside the scope of both Commonwealth and State regulators; these competitors' business models typically include:

- Credit cards are mandated (no cash options)
- Opaque pricing as to components and end recipient and
- No requirement to adhere to any regulation for fare setting in the public interest.

In the regulatory context, we feel it is important to clarify what represents unusual costs incurred by a payment provider in the taxi space. In the case of GM Cabs, we regularly have equipment damaged and needing repair, we periodically supply paper rolls by the thousands, and we supply chargers for home and in-car. Because of their relatively rough use, ports are damaged, and cables are damaged. You will not be shocked to discover everything from cups of coffee to bent cable pins provide us with numerous headaches at significant cost.

As businesses, we incurred significant costs during the COVID pandemic. This is because of both the many thousands of terminals in Victoria from which we could derive no revenue during extended lockdowns as well as the large number of terminals that were permanently lost from taxi drivers (who chose to use GM terminals) who, in the absence of access to *Job Keeper* simply chose to return to their country of origin.

We emerged from COVID, and whilst we are proud to have been able to do so, both the pandemic-related losses and now the untimely requirement for complete capital reinvestment place our payments industry and our business in particular, under significant pressure.

Our costs for staff, our many locations, equipment and services faced by any business continue to increase in line with inflationary pressures.

Total Victorian taxi trip activity has not yet returned to pre-Covid levels.

As the Commission is well aware, there is a *Levy* charged on all commercial passenger vehicle transport in Victoria. As this data is public, we use it to indicate the total volume of trips conducted in recent years. We draw to the Commission's attention that as of July 2023 (the most recent data publicly available), the total trip account had not yet returned to pre-Covid levels. This is consistent with other data (inbound airline passenger numbers), work-from-home surveys, and others.

This result is made even more prominent when normalised for the increases in actual dollars per trip levy amount over the period. See **Figure 1 below**. (Data from State Revenue Vic).⁵)

When we combine this with the increase in market share for total trips proudly trumpeted by the rideshare providers, (who notably are under *no strictures* when it comes to price), the total activity in the taxi portion of the commercial passenger vehicles sector remains significantly lower than pre-Covid period. *Total taxi trips are clearly lower than when the Commission last varied the maximum charge permissible in 2020*. Over the same period, as explained in our submission, the fixed cost of the taxi payments industry has risen.

⁵ <https://annualreview2223.sro.vic.gov.au/results/financial-statements>

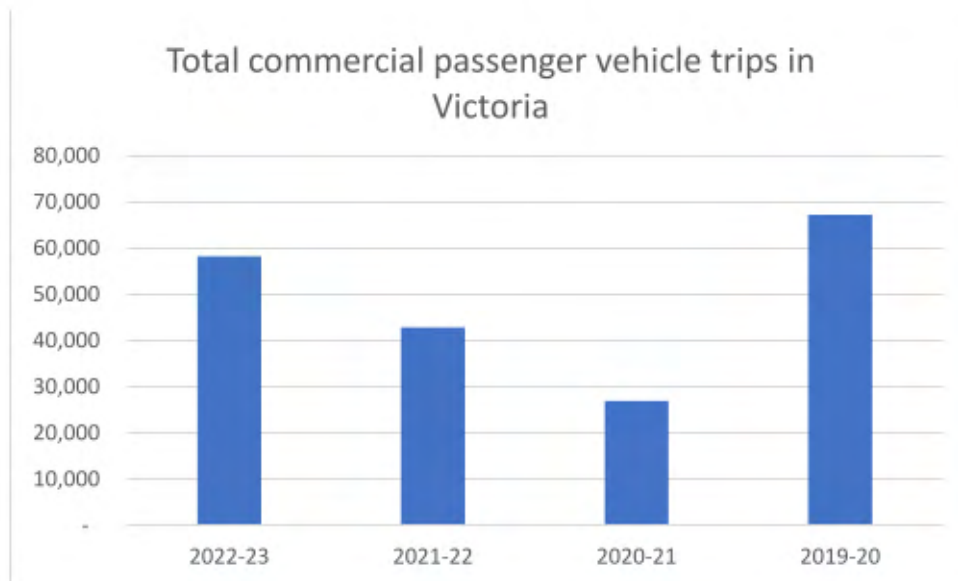


Figure 1.

Utilisation factors

Utilisation of terminals.

There are only 7789 Unbooked CPVs (taxis) in Victoria⁶ compared to 95378 booked CPVs (where any and all payment costs can be built into pricing). This number represents an increase of 3.8% in the number of taxis over the prior year. Given multiple competitors in the space, individual terminal utilisation continues to be low. We also acknowledge that some taxis and drivers have multiple payment terminals, particularly to enable them to access some taxi-specific payment instruments only available on a specific terminal.

The utilisation of payment trips per terminal, while consistently low, has fallen particularly because of the factors outlined in this submission. To summarise:

- Total CPV activity has not yet returned to pre-Covid levels.
- Although the number of taxis is slowly increasing, the number of "shifts" or even days driven by a particular taxi driver or even a given taxi has dropped

⁶ Safe transport report Victoria annual report 2022 /23

following the significant industry regulatory changes, from a vehicle often used by two drivers *per day* to a situation where many drivers only drive the taxi two or three days *per week*. Unlike some other providers, GM Cabs typically provides a terminal to a driver rather than a vehicle. The majority of vehicles now have one operator-driver.

- An eftpos terminal in a fixed retail outlet may be used 10 times per **hour**, seven days per week. In a taxi , a terminal may be used 10 times per day three days a week.

Utilisation of taxis themselves

Following the substantial regulatory changes to the Victorian taxi industry in recent years, the utilisation of *taxis* themselves has dropped significantly. Since the cost of ownership (or assignation) of a licence has been reduced to a mere administrative cost; the pressure for a given taxi vehicle (permit) to be "*on the road*" to cover its cost has dropped dramatically. Absent the need for licence investment, more and more drivers operate their own vehicle, and the total number of hours per driver or vehicle is far fewer.

Total commercial passenger vehicle activity in Victoria				
Since 2018 there has been a levy on every taxi and hire car trip, including ride share, originating in Victoria.				
	2022-23	2021-22	2020-21	2019-20
	\$'000	\$'000	\$'000	\$'000
Commercial passenger vehicle service levy in \$ <i>per State Revenue Victoria</i>	\$61,119.00	\$44,981.00	\$26,971.00	\$67,239.00
Normalising for trip count	2022-23	2021-22	2020-21	2019-20
	trip count	trip count	trip count	trip count
The rate was \$1.15 from 1 July 2023				
The rate was \$1.05 from 1 July 2021 to 30 June 2023.	58,209	42,839	26,971	67,239
The rate was \$1 from 1 July 2018 to 30 June 2021.				

Figure 2.

To make matters worse, not only have inflationary and competitive pressures worked on the industry negatively, but there is no suggestion that there will be an increase in trip utilisation any time soon. The sheer number of taxis in the post-licence deregulation environment has not resulted in an increase in the total number of trips or the total number of trips for which electronic payments are processed. As a result, utilisation per terminal is down in the taxi space. The fixed cost per transaction of terminals is a crucial factor.

Industry Participants Converting Unbooked Trips to Booked

Increasingly, the extensive promotion of taxi apps for payments by both taxi and non-taxi booking service providers means that even fewer trips will be in this unbooked category.

For many years, it has been common for a passenger to book a taxi via an app but pay at a terminal in the taxi. Taxi companies are now actively discouraging this practice, as setting a fare and taking payment on the app moves the trip out of the area regulated by the ESC's determinations. Increasingly, such apps require "card not present" payment and utilisation falls further.

The anomaly of competition with unregulated Rideshare.

We note that the taxis compete against well-capitalised, aggressive and unregulated global rideshare competitors. Those entities can label charges as anything they wish, and notably, their charges increase dramatically at times when the travelling public demonstrably needs transport the most.

Nature of our ongoing costs

As previously submitted to reviews by the Commission; our costs include:

- **Payment infrastructure costs**

These costs relate to the terminals installed in Taxis, but not the terminals themselves, and include mobile communications, including the provision of, sim cards and mobile data; and EFTPOS installation, testing, repair, consumables such as cables -in car plugs, brackets, print rolls, postage/freight costs and access to some third-party infrastructure.

- **Direct Labour costs**

Managers whose work is related to the payments business.

Contact centre staff and customer service responses relating to end users;

Staff to review transactions, fraud and chargebacks

Staff to manage the accounts of individual drivers for distribution

Staff to manage our payment centres

Repairs, when conducted in-house

Cost related to distributors and agents

Our IT team working on network switches and software patches

- **Indirect costs and overheads**

These costs are all the corporate overheads from which our eftpos business benefits.

These costs include a majority allocation of the leadership, legal, finance, human resources and networking costs.

- **Capital Costs**

These costs include our legacy and new terminals, equipment brackets and mountings, and cables to get them usable in vehicles. Given the nature of the terminals in the working environment, breakage and loss, at our cost, is not infrequent. During the lockdowns associated with the COVID pandemic, many drivers, particularly those with work visas but who are not eligible for job keeper left the industry and, in many cases, the country without returning payment equipment, particularly given the difficulty of doing so during the lockdown periods.

GM Cabs is recovering from that loss of equipment only to be faced with the need to roll out new equipment because of telco changes all prior to the end of the otherwise useful life of our legacy equipment.

- **Administrative costs**

These include accounting professional services income tax significant bank charges, including those related to chargebacks and fraud.

- **Sales and promotion**

These costs relate to marketing GM Cabs, combined with the cost of sales and providing customer service to drivers and operators.

Major changes in the Mobile communications landscape.

Mobile data changes

Unlike "eftpos" payment terminals used in most "store" retail environments, such as a supermarket or butcher shop, terminals used in taxis are by their very nature always mobile and rather than being cabled to a network (as in the supermarket) or Wi-Fi (as in the butcher shop) in-taxi terminals require cellular mobile data to allow them to operate wherever vehicle may be processing a payment.

Until recently, almost all eftpos payment terminals in Australia operated on 3G. For reasons unrelated to taxis or payments, all of Australia's telecommunications networks either have already, or will close down their 3G mobile data networks even before this ESC review is completed.

This means that GM Cabs, and any of its competitors who determine it is worthwhile staying in the space, have to make the significant capital outlay, however financed, on entirely new in car payments technology during the current financial year.

Because of the statutory ESC review process, most participants in taxi payments have no certainty about any return on investment.

GM Cabs has decided to replace all our EFTPOS machines completely, including all those in Victoria. We have replaced them with new technology VeriFone terminals. (See attachments for specs). This rollout is underway and will be completed in Victoria first quarter calendar 2024.

This technology change requires inter alia:

- Buying over 5000 new terminals for Victoria (Our existing terminals had not yet reached their otherwise useful life).

- GM Cabs has also undertaken extensive customisation of hardware plus new software design.
- A complete rewrite of our payments and comms software to operate on an entirely new platform.
- Obtaining new SIMS and contracting with telecommunications networks
- Staging the devices, including:
 - charging all devices prior to staging
 - downloading custom software
 - performing quality checks
 - having custom cradles designed, built and shipped to make these terminals more suitable for a taxi environment
 - installing paper receipt rolls
 - changing to custom charging cables suitable for a multi-connect disconnect operation
 - packaging all the above
 - shipping them to drivers, taxi companies and a large number of distribution sites across Victoria
 - organising the return and suitable security destruction of old terminals.

Staging of new 4G LTE equipment being rolled out across Victoria.



These pictures give an indication of the staging process at GM Cabs offices for the new 4G LTE terminals. This is conducted daily. Prior to distribution, these terminals must be checked, software loaded, paper loaded , multiple types of chargers packaged and shipped by courier for distribution all over Victoria. At this stage we do expect to meet the Telstra shutdown deadline, but full costs will not be available till after the date information is required for this review. Prior to this, of course, completely new security-compatible payments software had to be developed by GM Cabs at our cost to run on the android style platform with the new devices.

Note that the hardware of the devices photographed differs from that provided in the standard retail model. This is because of the rigours of continuous in-vehicle use by taxi drivers, which gives rise to damage to cables and charger ports that we have experienced substantially over time. We are trying to reduce the incidence of passengers being unable to make payments and find a way to reduce our repair costs.

We have undergone a custom design, particularly in relation to cabling and charging, with the inclusion of magnetic "separate don't break" cables. Whilst we wish both to reduce costs in future and improve the customer experience, it is too early to state that this will be achieved with the brand-new equipment.

Not all costs related to this project are known at the date of this submission (the project is in progress). The cost is the largest incurred by our organisation in many years.

For the information of the Commission, we attach:

- Details of the terminal we are rolling out in Victoria.
- Some staging images which may give clarity to our project costs, in addition to equipment purchase cost and telecommunications costs.
- Details of Telstra shutdown and others.
- Press releases of our competitors and their suppliers indicating they are facing similar costs.

Major changes in the Mobile payments landscape.

Introduction of tap-on-phone payments

It is useful for the Commission to consider the role of banks and generalised non-taxi-specific payment providers, especially with new smartphone-based payment solutions.

As a result of low utilisation, high risk, microbusiness, fraud (and now, regulated cost recovery), we see the major banks almost unrepresented in this space. The Former Taxi Services Commission observed in its (Fels) Taxi Industry Inquiry, Final Report:

"The Draft Report described the particular characteristics of the in-cab payment systems market and explained why the costs of processing electronic payments in Taxis are higher than for other retailers.... The report noted that higher costs are driven by the high risk of fraud and the unwillingness of banks to deal directly with Taxi operators." ⁷

During the last 18 months, Victoria has seen new payments processing products and services aimed at small and micro businesses. (An example marketed by VISA in one such case was to operators of ice cream vans.) Westpac markets specifically to food trucks and coffee carts⁸

⁷ Taxi Industry Inquiry, Final Report (September 2012), p.208

⁸ <https://www.westpac.com.au/business-banking/merchants-and-payments/compare-eftpos/>

Tyrol, Westpac, and CBA have all released products in this period aimed at individual micro-businesses, encouraging individuals operating such businesses to accept "Tap and Go" payments on their smartphones using new mobile apps plus the services of the relevant bank.

Despite expensive market marketing, these payment services are rarely selected by taxi drivers and taxi operators in the Victorian taxi industry. This is despite the driver's fixed costs seeming being low in such a model and a driver being able to "capture" the entire 4%.

Our internal surveys suggest that this is because of:

1. Difficulties of access due to limited prior business banking relationships.
2. Merchant acceptance difficulties due to banks considering taxi drivers very high-risk.
3. Unclear costs and charges are charged to merchants and small businesses, particularly those charged when payments are questioned or charged back. (See example below)
4. In many cases, there are minimum payment⁹, non-utilisation, and account fees.
5. Staggeringly high chargeback fees (a quick review of bank offerings will show \$33-\$35 as a minimum, with higher fees if chargebacks are frequent). (GM Cabs absorbs these charges within our model)

Examination of the worked example below will explain the impact on a driver.

With his own terminal, over 100 trips can be needed to recover one chargeback.

⁹https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/bb/360571/MS_Fees_Charges_Brochure.pdf

The experience of a chargeback when a taxi driver chooses to utilise the services of other generic payment providers as a micro merchant		
Example Taxi Fare		\$27
In some cases, a \$30-50 terminal fee applies.		
Linked business account with a range of fees		
ESC maximum Service fee applied by Driver		4%
Less GST		3.64%
Published Bank MSF pricing		1.40%
<small>(Much Higher pricing for Amex, which is overrepresented in corporate travel)</small>		
ad valorem Bank MSF pricing on this fare	\$	(0.38)
Potential Service Fee charged to passenger at ESC maximum		\$0.98
remaining Margin to cover fees, costs and time	\$	0.60
In the case of a chargeback		
Fare reversal by bank	\$	(27.00)
(the service has already been delivered)		
chargeback Fee	\$	(33.00)
Resulting costs for the driver	\$	(60.38)
<p style="text-align: center;">To recover this one chargeback amount at the ESC maximum price, the driver will have to carry out <u>100 similar fares without chargeback</u> Just to recover the chargeback fee requires 55 similar trips with service fees <i>and this is a low-cost example - if we consider Amex or JCB etc, the amount is higher</i></p>		

Simply benchmarking these products' "low" MSF does not show the taxi operator experience.

The former Chairperson of the then Taxi Services Commission, Professor Allan Fels AO, stated in 2012 that:

"Removal of the service fee regulation applying to the processing of electronic payments for Taxi fares should occur when competition is more effective in this area".

"Removal of the regulation applying to the processing of electronic payments for Taxi fares should occur as part of a broader move to remove fare controls or if and when new technology facilitates greater competition in payment processing fees."

We argue that the new technologies are already here, and it is, in fact, the regulatory exemption of banks and their charges to taxi operators that stop their broad usage in the taxi industry. A removal or increase in price caps could allow access to more entrants.

We restate that the relatively low take-up of:

- Tyro Go
- Tyro phone app
- Westpac Eftpos Air smartphone APP
- Square, etc

During the course of the last 18 months during which they have been available, suggests that the true alternative costs to taxi drivers are not lower than those available through the use of GM Specialised terminals.

It is important to note that the benefit of specialised providers does not accrue only to a taxi driver. As well as the interests of drivers, for passengers undertaking personal or corporate travel, GM Cabs also works to ensure their interests are maintained. There are also broader benefits for experienced and staffed payment providers to provide these services instead of individual drivers.

Our eftpos terminals in taxis are bank-approved, making using a card in a taxi with a GM Cabs machine safe and secure. If, for any reason, a passenger believes they have been charged incorrectly, our staff ensure all disputed transactions are handled and investigated professionally and consequently refunded if necessary. This is nearly impossible when a taxi driver obtains his own bank terminal.

Alternative approaches and social equity issues

GM Cabs remains open to discussion of alternative approaches to service fees. In this context. For example, there might be a charge per payment, e.g. \$2.80. It has been suggested that this model is not dissimilar to the charges for independently owned and operated ATMs, which can be found throughout Victoria, and a model that has been used in New Zealand taxis.

We would, however, note that the current ad valorem approach is well understood.

Social equity issues exist, and we highlight the following:

- Those with access to the MPTP scheme do not pay a service fee on the government-funded portion of any trip.
- Those with the most expensive trips are typically corporate or tourist funded.

We also draw the Commission's attention to the July 2023 RBA payments report ¹⁰. To quote the Bank, the lowest % of use of cards generally for payments is in the lowest income quartile; unsurprisingly, the same applies when considering card use by the percentage of the population over 65 years.

Conclusion

We appreciate the Commission's consideration of our submission. Whilst we have sought not to repeat items we have previously brought to the Commission's attention, we feel that the changes in the competitive landscape, reduced taxi utilisation, reduced terminal utilisation, and the requirement for substantial investment in new technology draw us to our recommendation that the Commission increase the pricing cap to 5% including GST in line with other jurisdictions.

We also support a Commission recommendation to Government proposing the abolition of such caps or an entirely different model.

¹⁰ <https://www.rba.gov.au/publications/bulletin/2023/jun/consumer-payment-behaviour-in-australia.html>

List of attachments to GM Cabs submission

- A. The recent announcement by Uber commencing dispatching trips to taxis in Victoria.
- B. Recent media commentary on taxis in Victoria utilising Uber *The Age*
- C. ABC media report explaining the 3G shutdown.
- D. Advice from Telstra to customers concerning the network shutdown.
- E. Details of the Verifone terminal we are rolling out in Victoria.
- F. Press releases of our competitors and their suppliers indicating they are also facing Substantial cost increases.
- G. Publicity material around new tap-on phone payments for small businesses from Westpac
- H. Publicity material around tap on phone for sole traders from Tyro.

Attachment A

Your next Uber ride could be in a taxi: an update to our vehicle requirements in Victoria

■ uber.com/en-AU/newsroom/vic-vehicle-eligibility-requirements

Australia | Oct 31, 2023 Written by Uber Australia

Uber Australia has updated its vehicle eligibility requirements in Victoria, allowing taxi vehicles onto the platform and giving taxi drivers the ability to complete trips with Uber. This change is part of a global effort to create a better experience for riders while providing new, flexible earnings opportunities for taxi drivers.

What this means for riders, simply, is that your next Uber ride in Victoria could happen in a taxi. Everything else remains the same, with the Uber app experience you're used to: upfront and transparent pricing, Uber's leading safety features, in-app payment and trip support. Allowing taxis to perform trips with Uber will increase reliability on the platform and reduce wait times for riders. Riders will always be notified in their app if they are matched with a taxi.

Uber trips are already taking place in taxi vehicles in cities around the world, from New York to Mexico City, San Francisco to Auckland.

For taxi drivers, this change means that if your taxi meets Uber's updated eligibility requirements, you can be onboarded to the Uber platform and begin completing trips. With the Uber platform, drivers will be able to access: trip demand across Uber's rider base, dynamic earnings opportunities, driver safety features and exclusive fuel discounts, among other benefits.

Note to editors:

- While taxi vehicles are now eligible to complete trips via Uber in Victoria, these trips do not constitute taxi services (e.g., no metered fares, can't be hailed from the street or taxi rank).
- Uber has updated its vehicle eligibility requirements in Victoria and will be exploring whether the same can be done in additional states over the coming months.

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Attachment B

You can now book a taxi through Uber, as 'mortal enemies' team up

theage.com.au/national/victoria/you-can-now-book-a-taxi-through-uber-as-mortal-enemies-team-up-20231128-p5enaw.html

Cara Waters

November 28, 2023



He said passengers in taxis booked through Uber could use transit lanes such as those on the Tullamarine Freeway, where Ubers are not allowed to go.

And he said Uber's data from San Francisco showed taxi drivers who used the platform earned on average 23.8 per cent more per month than drivers who did not accept Uber trips.



Uber Australia chief executive Dom Taylor says the tie-up will help users and taxi drivers alike. *Credit: Louise Kennerley*

"We will be looking at launching Uber taxi products right across Australia," Taylor said. "Victoria is just the first cab off the rank."

Taxis booked through Uber are priced at about 1.2 times the ride-share's UberX service, and Uber takes a 25 per cent fee plus GST.

"It's clear from the data that working together, we're better off," Taylor said.

Related Article



However, taxi companies are not convinced, with a spokesman for 13Cabs warning the move was a threat to safety and customer care.

“Given that taxi and ride-share vehicles operate on completely different platforms and do not interact with one another, there is no way that either a ride-share or a taxi provider can access the data they need to manage protocols relating to things like fatigue management policies and customer complaints,” he said.

The spokesman said he was confident the majority of 13Cabs drivers would remain committed to the company and would not sign up to Uber. “We have been aware for some time of plans by ride-share operators to try to get taxis onto their platform – and to offload less desirable work to them – while taking a significant cut of the fare for themselves,” he said.

Rod Barton – a taxi operator who formed the Transport Matters Party and was elected to Victoria’s upper house in 2018 but lost his seat in last year’s election – said he had always argued Uber was already a taxi service, rather than an IT company.

“Uber coming into the market will seriously damage the industry and there will be ramifications from that,” he said. “You will have market dominance by a foreign entity, which does not pay tax in this country and does not treat its workers fairly. This is not the final nail in the coffin, but in all seriousness, why would you operate a taxi these days?”



Former taxi driver and Transport Matters MP Rod Barton says Uber has always been a taxi company.
Credit: Jason South

Barton said the Australian Competition and Consumer Commission should investigate Uber's move.

Neil Snipe, professor of planning at University of Queensland, said Uber probably expected to wipe out the taxi industry when it entered the market. That was not successful, so its second tactic was co-operation and partnership.

"Everyone agrees they were mortal enemies 10 years ago and now they are not, and why are they not? It's all about the money. It's the financial relationship that has made it good for all parties," he said.

Snipe said Uber had worked out that by partnering with taxi drivers, the ride-share giant did not have to expand the number of independent contractors it had and would get a cut of all rides sent to the taxi companies.

"In some respects they are providing a one-stop app," he said. "It kind of follows from what Uber wanted to do from the very beginning. It wanted to be the main provider of transport services, be it vehicles, scooters, cars, trains, the whole thing. It is the whole idea of mobility as a service."

Snipe pointed to Britain, where Uber has launched a service for booking trains through its platform.

"A few years ago the chief executive of Uber [Dara Khosrowshahi] said he wanted to make Uber the 'Amazon of transportation'," Snipe said.

"I don't think anyone would have predicted the alliance with the taxis, but it is part of their game plan."

Get the day's breaking news, entertainment ideas and a long read to enjoy. [Sign up to receive our Evening Edition newsletter here.](#)

Attachment C

Telstra, Optus and Vodafone are shutting down their 3G networks. How can you prepare?

 [abc.net.au/news/2023-08-31/3g-phone-network-shutdown-telstra-optus-medical-devices/102792784](https://www.abc.net.au/news/2023-08-31/3g-phone-network-shutdown-telstra-optus-medical-devices/102792784)

Molly Slattery

August 30, 2023

By [Molly Slattery](#)

Posted Thu 31 Aug 2023 at 5:51am Thursday 31 Aug 2023 at 5:51am, updated Thu 31 Aug 2023 at 6:21am Thursday 31 Aug 2023 at 6:21am

[abc.net.au/news/3g-phone-network-shutdown-telstra-optus-medical-devices/102792784](https://www.abc.net.au/news/3g-phone-network-shutdown-telstra-optus-medical-devices/102792784)

Australia's three largest telcos will begin shutting down the 3G network from December this year.

The 20-year-old network is still relied on by older mobile phones, baby monitors and medical devices.

So what do you need to do to prepare?

What is 3G?

3G was rolled out in 2003. At the time it provided groundbreaking data and network speeds.

Now the modern standard is 4G or 5G, so a lot of devices won't be affected by the change.

But some people, particularly in remote and regional areas, still rely on the 3G network.

You can check if your device depends on 3G with the manufacturer, and if it does, they should be able to tell you how you can stay connected.

at the time. ()

What devices will be affected?

The change will affect more than mobile phones (although they are most common devices which will be impacted).

Medical-alert technology, baby monitors, EFTPOS machines and farming equipment all use the 3G network.

University of Queensland's Konstanty Bialkowski, from the School of Electrical Engineering and Computer Science, said the change "is generally a good thing", but not without risks.

"It will impact everywhere, any device which is still using the older standards is going to, one day, just stop working," he said.

"A lot of devices will need to be upgraded, things like medical equipment or farming equipment that don't get updated often, but are really critical, may be impacted."

APERS, which sells emergency monitoring systems, said it had contacted all clients whose devices relied on 3G to help move them onto the newer networks, but believes there is a lot of people who are still unaware.

The company's customer care coordinator Sammie Jefferson said most of their clients were older and less "savvy with tech", which made it harder to explain the change.

"Trying to explain to them it's a piece of technology that is going to supersede [3G] can be quite difficult," she said.

"There would be extreme numbers still out there that would have 3G devices they're using that wouldn't know that this is going to occur."

One provider said it had sent more than 4,000 notices to customers who were using medical alert devices which will stop working when the network is abandoned.

When will the networks shut down?

Telcos will begin shutting down their 3G networks from December 15.

Vodafone will be the first network to disconnect, followed by Telstra on June 30, 2024 and finally Optus network in September the same year.

Most devices now use 4G or 5G. (ABC Central Coast: Sofie Wainwright)

Telstra regional general manager Michael Marom said Australia has outgrown 3G.

"It's time to say goodbye to 3G and welcome in a better 4G network."

"When you look at the usage of data increasing at a rate of over 30 per cent per year, it's no longer fit for purpose for modern use" Mr Marom said.

Vodafone, the first telco to make the move, said it was following the international trend, to make way for 4G and 5G.

An Optus spokesperson said the shut-down would improve network speeds.

What areas will be affected?

The 3G network is being scrapped Australia wide; so regardless of where you live, you will lose your connection.

Mr Marom said Telstra will have increased its 4G footprint so it is larger than the area currently covered by 3G by the time it decommissions the network.

in the area is still operating a 3G network calls may connect but there is no guarantee.

Posted 31 Aug 202331 Aug 2023, updated 31 Aug 202331 Aug 2023

Attachment D

Our 3G closure in 2024: your questions answered

telstra.com.au/exchange/our-3g-closure-in-2024--your-questions-answered

Back in 2019 we announced that we'd be closing our 3G network, which you might also know as the Telstra Next G network. Doing so allows us to repurpose the 3G spectrum to offer better coverage and reliability on our 4G and 5G mobile network.

Sri Amirthalingam · 28 November 2023 · 10 minute read



Just in case you're not already aware: we will be closing our 3G network on **30th June 2024**.

Do you have any questions? Scroll down for our 3G shutdown FAQs.

When 3G launched in 2003, we used our mobile devices for calls, texting and accessing very basic information online.

When we say basic, we mean clicking your phone's buttons through a text-only menu, choosing 'footy scores' then waiting 30 seconds for a list of numbers to show up. It was a simpler time!

Today - 20 years later - we use our mobile devices for many data-heavy tasks, and data is central to our experience on them. Demand for mobile data is growing by around 30 per cent every year.

As our technology and our use cases change, we need a network that's fit for today and for the future. That's why we continue to upgrade the technology that underpins our mobile network from 3G to 4G, and now 5G, and in future we will do so again for 6G.

Once we've closed the 3G network, we'll repurpose the radio spectrum that it used to expand the capacity and reach of our 5G network.

We started talking to our customers about saying goodbye to 3G back in October 2019 to make sure they had enough time to understand what changes they need to make.

The down low on equivalent coverage



Over the last few years we have been rapidly rolling out and adjusting our 4G to match our 3G coverage and this work is continuing in the lead up to 3G closure.

This work involves upgrading all existing 3G sites with 4G technology, adding new 4G sites and optimising others to create equivalent 4G coverage in areas where 3G only coverage exists today. As we approach 3G closure further changes in network configuration will also be made to ensure existing 4G is optimised to better ensure equivalence in fringe coverage areas.

It's important to note that mobile coverage is affected by many factors independent of the technology used. The environment, device sensitivity, and how the device is used can all affect your coverage experience.

The environment around you matters. Coverage is impacted by larger fixed terrain features such as mountains and hills in a predictable manner, but coverage is also affected by changeable local geographic features such as trees and new foliage growth, and the construction of new buildings, that may reduce or block previously available outdoor coverage.

These factors mean that your coverage experience at any specific location is inherently variable - and especially over time, even when coverage to the area remains unchanged.

Not all devices are equal. Further variability in coverage experience is added by the device used and how it is used. Not all devices are created equal when it comes to network sensitivity – how your device actually detects and connects with our network, particularly at the very edge of coverage, matters.

Our 'Blue Tick' devices have been thoroughly tested to ensure they're able to maximise coverage reach. The way a device is used will also affect coverage, for example whether held to the head or at waist level, above dashboard or in the centre console will all have an effect.

What this means is that to ensure 4G coverage equivalence, you need to use an equivalent device (e.g. Blue Tick 4G if previously using Blue Tick 3G). The same is true for coverage extension devices (e.g. if you used a 3G T-Go you need a 4G T-Go). Finally, you must use it in the same manner (e.g. if your 3G device is mounted above a dashboard in a vehicle, you need to do the same with your 4G device).

Signal bars don't mean what you think. It's worth noting that the signal bars displayed on devices can also give a false impression of the level of coverage when comparing between different devices or mobile technologies.

There are no standards between mobile device manufacturers for signal bars. The same signal on one may show more or fewer bars than another device, and as 4G is specifically designed to work and use a lower signal level than 3G it should – all else being equal – show fewer bars for equivalent service in any case.

Attachment E



Carbon Mobile 5

Best-in-class, single-screen commerce solution.

For tier 1 retailers, Carbon Mobile 5 supports custom integrations with existing systems, and provides in-aisle sales, clienteling, and endless aisle solutions. For SMBs who want an easy, out-of-the-box experience, Carbon Mobile 5 offers a powerful solution with simple, turnkey features: integrated POS, payment services, and reporting.

- High-speed LTE and Wi-Fi connectivity, fast scanning, fast printing, and fast charging
- 5MP camera ideal for scanning and accepting alternative payments
- Verifone Secure Android OS opens the door to the Android ecosystem while delivering unsurpassed security using Verifone's Engage payment engine
- Utilizes the power of Verifone Cloud Services for customization and estate management

Specifications

Display

5" (720 × 1280) HD IPS LCD touchscreen

Processor

ARM Cortex-A7 quad-core, 1.1 GHz

Operating System

Verifone Secure Android OS, based on Android 7.x

Memory

Android: 1 GB RAM (option for 2 GB), 8 GB Flash (option for 16 GB); secure processor: 512 MB DRAM, 512 MB Flash

Connectivity

G LTE, 3G, 2G, Bluetooth 4.2 BLE, 2.4 GHz + 5.8 GHz Wi-Fi, 802.11 a, b, g, n, GPS, GLONASS

Audio

Speaker | Microphone

Camera

5 MP, auto-focus, fast scanner, LED aimer, LED torch, optional 2 MP front QR/barcode scanner

Card Readers

Triple track MSR, EMV L1-approved smart card, ISO, NFC/CTLS

Power Supply

Up to 5 V, 4000 mAh Li-Ion rechargeable battery, multi-unit charger

Security

PCI PTS 5-X-approved, SRED, supports AES DUKPT

Physical

165.6 mm L × 77.9 mm W × 14.5 mm H; 220 g

Environmental

Operating temperature: -10° to 45° C (14° to 131° F); storage temperature: -25° to 60° C (-13° to 158° F); relative humidity: 5% to 95%, non-condensing

With High Speed Thermal Printer:

Speed: 30 ips; paper roll: 40 mm × 58 mm

Power Supply: Up to 5 V 3 A charging, 5000 mAh Li-Ion rechargeable battery

Audio: Optional headset jack

Physical: 180 mm L × 77.9 mm W × 31 mm handle/58 mm drum; 420 g with full paper roll

Attachment F

PAX partners with A2B Australia

IP thepayers.com/mobile-payments/pax-partners-with-a2b-australia-1265744

Pax Technology has partnered with A2B Australia to implement a new payment system across the 13cabs and Silver Service taxi fleets.

At the time of writing, a total of 500 PAX Technology payment devices per week are being integrated into A2B Australia's 8,000 vehicles, with an additional 12,000 taxis from all of A2B's Cabcharge customers set to adopt the new payment terminals.

In the company press release, officials from PAX Technology Australia highlighted the partnership with DataMesh Group to deploy the A920PRO payment terminals, describing it as a significant step in modernising Australia's taxi industry and improving the payment experience for both passengers and drivers.

Officials from A2B Australia emphasised the industry's commitment to providing customers with new technologies, particularly during the Christmas and New Year party season. They also noted the challenges faced by rideshare alternatives and expressed confidence that the new payment system, integrated with the A920PRO terminals, would enhance both passenger and driver satisfaction.



THE PAYPERS

More information about the A920PRO terminal

The A920PRO is an Android-powered payment terminal capable of operating on 4G networks. It incorporates the capabilities of a taxi's metering display, payment system, and GPS technology in a single device. Officials from PAX pointed out the versatility of the terminal and its adaptability to evolving technologies as 3G technology is phased out, while A2B representatives discussed the benefits of the PAX devices, emphasising the

improved payment experience for passengers and the continued support for various payment methods, including Cabcharge FASTCARD, E-ticket, Digital Pass, and Taxi Subsidy Cards across Australia. The technology's role in digitising the entire travel experience was also highlighted, from booking and metering to payments, receipting, and reporting.

The A920PRO incorporates encryption technologies and secure payment protocols to protect customer data and minimise the risk of fraudulent activities. DataMesh Group will supply and manage the software infrastructure for A2B's payment processing systems.

According to the official press release, the partnership is expected to cover more than 90% of Australia's entire taxi fleet, including regional centres and small towns. In September 2023, [PAX Technology Australia deployed payment devices to Virgin Australia](#), improving its presence in the Australian transport sector.

Specifically, Virgin Australia has rolled out PAX terminals on all flights, in partnership with PAX, Omnevo, Linkly, Live Payments, and Sektor. Officials from PAX talked about these developments and highlighted that the terminals would provide Virgin with the benefits of Android technology, bringing together inflight payments and catering logistics on a single device.

A2B Group Advances Australian Taxi Payments with PAX A920 Series in Australia

[in linkedin.com/pulse/a2b-group-advances-australian-taxi-payments](https://www.linkedin.com/pulse/a2b-group-advances-australian-taxi-payments)

PAX Technology (APAC Region)



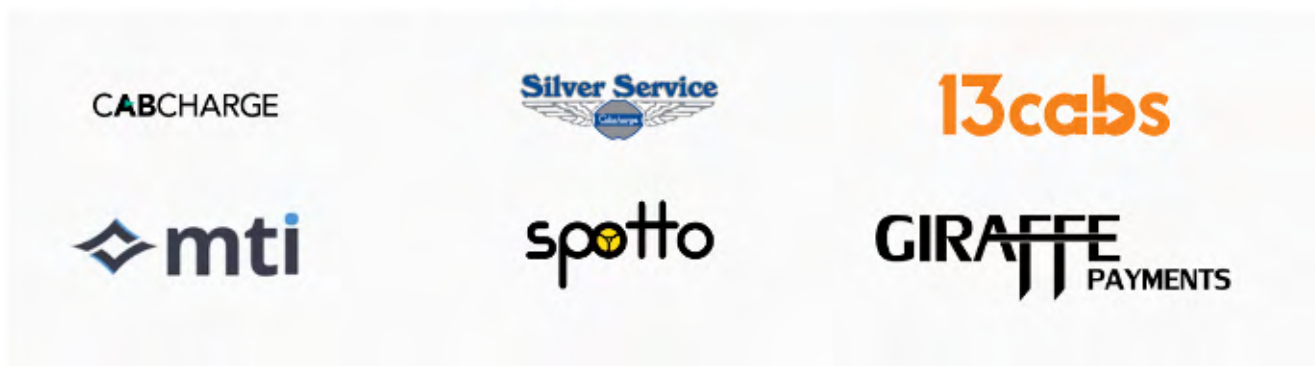
PAX Technology (APAC Region)

Empowering Digital Payments

Published Sep 19, 2023

Spotto, as part of the A2B Group, has implemented PAX payment terminals across its network to provide a modern, seamless payment experience.

A2B Group is a market leader in personalised transport through Australia, operating core businesses such as 13cabs, Cabcharge, MTI and Spotto.



As a mobile payment solution for Taxi Drivers, offering flexibility, contactless payments, and a companion app, Spotto began upgrading outdated terminals with limited options. To give drivers more control, Spotto first trialled the A920, PAX's best-selling Android SmartPOS mobile payment terminal, in 2023. The intuitive interface and flexible payments met driver and rider needs.

The successful PAX A920 rollout across metro and suburban areas, supports various payment methods including contactless, chip, PIN, and traditional magnetic stripe cards. This improved customer satisfaction and transaction speed, thanks to PAX A920's intuitive user interface, ensuring a seamless and efficient payment experience, while transaction failures, downtimes and payout delays are either eliminated or heavily reduced.

PAX A920 enabled security protections like encryption for safe data transmission. The seamless integrations minimized disruption during upgrades across Australia.

Since launching the PAX A920 in 2023, Spotto has received impressive feedback. Drivers and riders praise the speed, convenience, and cashless experience.

By leveraging these innovative payment terminals, Spotto has empowered Australian taxi drivers with future-ready solutions to meet the demands of the cashless economy.

Click to discover more innovative features brought by the PAX A920:

<https://www.pax.com.cn/AndroidSmartPOS/A920/>



Attachment G

EFTPOS Air - Tap To Pay Mobile App

westpac.com.au/business-banking/merchants-and-payments/eftpos-air-mobile-payments-app



Tap to Pay on the EFTPOS Air app

Take secure in-person payments with EFTPOS Air on your compatible phone or tablet.¹

Accepting payments is easy with just a tap on your phone²

- **No extra hardware needed**

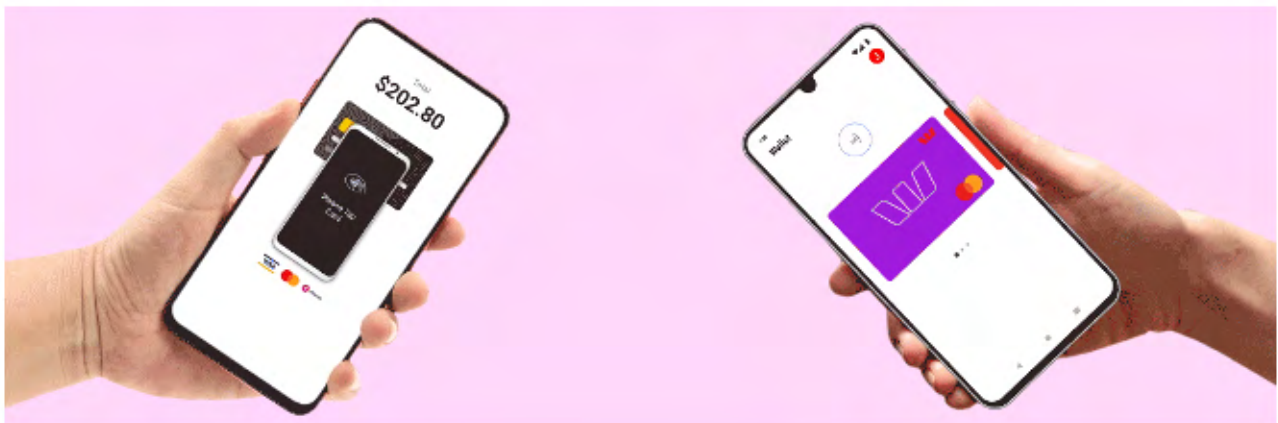
Once your application is approved, download the EFTPOS Air app on your compatible device¹. Easy.

- **Simple costs**

No setup costs, monthly fees or lock-in contracts. Just pay 1.4% per transaction.³

- **Same day settlement**

Keep your cash flowing with nightly settlement of funds into your Westpac business account.⁴





Benefits businesses on the go

EFTPOS Air is a convenient way for mobile businesses such as trades, food trucks and market stalls to take payments. It'll also suit cafés, gyms, sports clubs and associations running events.



Provides a back-up for busy times

Use EFTPOS Air alongside your EFTPOS terminal during busy periods. Or, have your phone on hand as a back-up in case your terminal becomes unavailable.

Watch EFTPOS Air unpacked

See what EFTPOS Air is all about – in just over a minute.

You'll need to be a sole trader, company or association and have a Westpac business transaction account to receive settlements into.

1. Open

If you don't have a Business Transaction account yet, open a Business One , Business One Plus or Community Solutions Account.⁵

2. Apply

Apply online for an EFTPOS Air merchant facility. Approvals are typically received in one business day.

3. Download

Once approved, download the EFTPOS Air app to your compatible device and log in to start taking payments.

How EFTPOS Air helps businesses like yours



Watch Video At: <https://youtu.be/21YHiJySus4>

"It's very easy to set up and use the app, and we didn't need to buy any external devices. We didn't need to learn anything new to be able to operate this."

Gabrielle Head, NSW Guide Leader

Attachment H

Tap to Pay on iPhone with the Tyro BYO App

Accepting payments has never been easier. Streamline your payments experience with just the Tyro BYO App and your iPhone, so you can accept payments anytime, anywhere. No extra hardware needed¹.



No extra hardware needed

Ditch any extra payments hardware and accept payments right there on your iPhone.



Secure payments, everytime

Trust your business and customer data is in good hands with the built-in security features of the iPhone.

