



Australian  
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# NEWS RELEASE

## ACCC PROPOSES TO DENY AUTHORISATION OF IHAIL TAXI BOOKING APP

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The Australian Competition and Consumer Commission has issued a draft determination which proposes to deny authorisation to ihail Pty Ltd (ihail) for joint venture arrangements between Australian and international taxi networks and other participants in the taxi industry to launch and operate a new smartphone taxi booking app.

If launched, the ihail app would initially operate in major metropolitan and regional centres across Australia and some cities overseas. It would provide passengers with a single taxi booking platform and access to the closest available taxi in their area from participating networks, regardless of which taxi network the driver belongs to.

The initial members of the joint venture include Yellow Cabs, Silver Top Taxi Service, Black and White Cabs, Suburban Taxis and Cabcharge (ASX: CAB). As well as providing in-taxi payment terminals to most taxis in Australia, Cabcharge also operates taxi networks in Sydney, Melbourne, Adelaide and Brisbane. ihail advises that each of these members will also continue to operate their own booking apps.

“The ACCC considers that the ihail app would have a significant impact on competition in the taxi industry, which could impact prices and quality of service,” ACCC Chairman Rod Sims said.

“The ACCC accepts this app would provide a more convenient way for consumers to book taxi services, but in the draft determination the ACCC takes the view that this comes at too big a cost to competition.”

“The ACCC estimates that the initial ihail shareholders represent more than half of all taxis in Australia, and a larger share in the metropolitan areas where the app would operate,” Mr Sims said.

“This would guarantee that from its launch, the ihail app would have a larger fleet of taxis, in a broader range of locations, than any existing taxi booking apps. Depending on the rate of take up of the ihail app amongst other taxi networks, it could potentially grow to include all taxi networks in any area.”

“There are a number of apps that already provide access to large fleets of taxis across multiple locations. The growth in these existing apps is being driven by competition to attract drivers and customers. ihail will achieve a potentially dominant position from launch – not through competition, but because of the larger fleet of taxis its ownership structure delivers,” Mr Sims said.

“The ACCC considers that the proposed arrangements are likely to produce significant public detriments. They will reduce competition between taxi networks in supplying services using the ihail app and, the arrangements may tip the market towards ihail becoming the dominant booking app. If it becomes the dominant booking app, it may also reduce competition by impacting the commercial viability of existing apps operated by individual taxi networks, as well as those operated by third parties such as goCatch and ingogo.”

Passengers will only be able to pay for fares booked with ihail through the app (passengers will not be able to pay in the taxi) and Cabcharge will process all payments.

“The ACCC is concerned that this requirement will shut out opportunities for Cabcharge’s competitors to provide non-cash payment processing services to ihail customers, and that this would significantly reduce competition between taxi payment processing providers more generally because emerging providers would have a reduced customer base that they could compete to supply,” Mr Sims said.

The proposal also allows passengers to offer to pay an extra amount above the metered fare at the time of requesting a taxi. This is designed to encourage drivers to accept their booking over other fare requests.

“The ACCC is concerned that the upfront priority dispatch payment could reduce access to taxis during peak periods for financially disadvantaged sections of the community,” Mr Sims said.

The ACCC is now seeking submissions from ihail Pty Ltd and interested parties in relation to its draft determination, before making a final decision in November/December 2015.

Further information, including a copy of the draft decision, is available from the ACCC’s [Public Register](#).

Authorisation provides immunity from court action for conduct that might otherwise raise concerns under the competition provisions of the *Competition and Consumer Act (2010)*.

Broadly, the ACCC may grant an authorisation when it is satisfied that the public benefit from the conduct outweighs any public detriment