

Cabcharge ruling gives hope to rivals

Elisabeth Sexton, *The Age*

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Live Payments chief executive Tom Varga.

CABCHARGE'S rivals will judge yesterday's court settlement with the competition regulator by how much it changes the dominant player's behaviour in the marketplace.

"My understanding is there will be a broader competitive framework put in place," said Tom Varga, chief executive of Live Payments, which installs rival eftpos machines in taxis and offers an alternative corporate charge card.

"We are going to see in this new era an increased competition that down the track has to start reducing the cost to service this industry," Mr Varga said.

Passengers who pay a 10 per cent service fee on all non-cash transactions in taxis could see lower prices in 12 to 24 months, he said.

Live Payments installs electronic terminals that process credit, debit and charge cards and wants to strike a deal allowing Cabcharge charge accounts to be processed on its machines, and vice versa.

"The compliance program will now require them to look at us on a commercial basis, based on the merits of the commercial system we have in place," Mr Varga said.

In settling the case with the ACCC, Cabcharge admitted it had misused its market power in 2005 when it refused to allow a Perth rival, Mpos Australia Pty Ltd, to process Cabcharge charge accounts on Mpos eftpos machines on commercial terms.

Three years later it refused again when the company renewed its offer and asked for a "reciprocal arrangement" for their card.

Cabcharge undertook to the Federal Court that it would implement a compliance program "revising the internal operations of Cabcharge's business which led to Cabcharge engaging in the conduct declared by the Court in this proceeding to be in contravention of section 46 of the [Trade Practices] Act".

Mr Varga said it was "very early days, but any time where a dominant player is found to have used their market power improperly and they have come forward and accepted serious breaches, that can only be a good thing for emerging competitors like ourselves".

The second breach of the Trade Practices Act admitted by Cabcharge was undercutting taxi meter producers by charging below cost to install its meters. It admitted its purpose was to prevent its rivals Schmidt Electronic Laboratories, Martin Meters and Novax from engaging in competitive conduct.

Cabcharge bought more than 6000 meters between 2004 and 2007 for \$250 each and charged its customers only \$110 for 5,600 of them. More than 700 were supplied at no cost.

The regulator's statement of claim said in questioning under oath in October 2007, Cabcharge chairman Reg Kermode said the loss on the sale of each meter was recovered through the 10 per cent service fee.