

TRANSCRIPT

LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

Inquiry into the Multi Purpose Taxi Program (MPTP)

Melbourne—Thursday, 21 October 2021

MEMBERS

Mr Enver Erdogan—Chair

Mr Bernie Finn—Deputy Chair

Mr Rodney Barton

Mr Mark Gepp

Mrs Bev McArthur

Mr Tim Quilty

Mr Lee Tarlamis

PARTICIPATING MEMBERS

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Ms Wendy Lovell

Mr Andy Meddick

Mr Edward O'Donohue

Mr Craig Ondarchie

Mr Gordon Rich-Phillips

Ms Harriet Shing

Ms Kaushaliya Vaghela

Ms Sheena Watt

WITNESS (*via videoconference*)

Mr Moti Mimeran, Chief Executive Officer, GRABiD Technologies.

The CHAIR: I declare open the Economy and Infrastructure Committee public hearing for the Inquiry into the Multi Purpose Taxi Program. Please ensure that mobile phones are switched to silent and that any background noise is minimised.

I wish to begin by acknowledging the traditional owners of the land, and I pay my respect to elders past, present and emerging. I wish to welcome any members of the public that are watching via the live broadcast.

My name is Enver Erdogan, and I am the Chair of the committee. I would like to introduce my fellow committee members present here today: Mr Rod Barton, Mr Andy Meddick and Mr Lee Tarlamis.

To witnesses giving evidence, all evidence taken at this hearing is protected by parliamentary privilege as provided by the *Constitution Act 1975* and further subject to provisions of the Legislative Council standing orders. Therefore any information you provide during the hearing is protected; however, any comment repeated outside may not be protected. Any deliberately false evidence or misleading of the committee may be considered a contempt of Parliament.

All evidence is being recorded, and you will be provided with a proof version of the transcript following today's hearing. Ultimately transcripts will be made available and the broadcast publicised on the committee website.

We welcome your opening comments but ask they be kept to a maximum of 5 to 10 minutes to allow plenty of discussion. Over to you, Moti. Please introduce yourself for Hansard—who you are, who you represent—and start your presentation.

Mr MIMERAN: Thank you very much first of all for having me this morning. My full name is Mordecai Mimeran. I just go by Moti; it is just a bit easier. I am the founder and the CEO of GRABiD Technologies, which is a Victorian-based technology company. Under GRABiD Technologies we have two subsidiary companies: one is called GRABiD Logistics Australia, and the other is GRABiD Chauffeur Australia. As the names imply, GRABiD Logistics is involved in the logistics and freight industry and GRABiD Chauffeur is a company that technologywise has developed custom-built solutions for the Australian people-transport industry. To that effect we have been quite fortunate, I guess, to have been involved with the TAA at earlier stages, where we were able to inquire and understand particular industry needs. And those industry needs and particular challenges that the industry has experienced—both drivers as well as passengers—were extremely helpful for us in actually creating what could easily be described as a bespoke, real, finely tailored solution for the next generation of the transport industry.

In May of last year we became aware of the MPTP expansion program, and as a result of that, we opted to apply for the position of a DCP. We have been in constant touch since then with the MPTP team—in various configurations, I should say; parts of the team have changed a number of times. As a result of that, we have been ready for quite some time now to progress to the next level of the application and implementation. I will say that I have provided the committee with some bullet point background, which I am sure will be shared with you, just giving you the breakdown of the history since May of last year until literally last week, just to give you all the background and save you some of the hassle in the details.

The CHAIR: Thank you for that, Moti. I just wish to confirm that committee members will not be sharing that with anyone else. It is confidential for the committee.

Mr MIMERAN: Sure. It is just general information of that engagement as a whole, so it is perfectly fine. I will just say that the engagement to date, by and large—when we are talking about the party or the team members, people like Mr Roland Estrella, for example—has been fantastic. It has been a really good, responsive engagement with them. We have experienced a number of challenges with this DCP application, which has been quite frustrating. Particularly as a Victorian and an Australian company, the intention is to create a solution that would benefit our community, and we found a number of issues along the way. I am sure you might want to ask me some questions, and we can talk about that.

I will just say that the technology solution that we have built—again, I just want to emphasise—was very much built for the best interests of the industry, which we feel is suffering from a great deal of challenges. Some of you here probably know about them. And I think the MPTP expansion program actually presents a very interesting opportunity to try and correct some of those challenges that particularly drivers—who we are extremely sympathetic to—are experiencing. I welcome the opportunity obviously to speak here today because we took the position, as much as we are a business that is in the business of making a profit, that our main objective going into this project from the outset was really more to help the industry first, and knowing that by doing so any commercial benefits or financial benefits that would come to our company would be fantastic but did not need to be the main objective—it would just be a fantastic by-product. So to that extent I will just say that I think that is probably my opening statement and I think it is probably best maybe to move into questions.

The CHAIR: Yes, I agree, Moti. Thank you for the broad overview. And you raised a good point: we did hear on Tuesday from Mr Schmidt about the lack of competition in terms of the terminals procedure, and so that is stifling—all the costs are being passed on to the drivers or BSPs, and obviously consumers as a result. So the lack of competition in the terminal sector was pointed out for the committee. On that note, I might move straight to questions and discussion. I might start off with Mr Barton, and then we can go to Mr Meddick. Mr Barton to ask the first few questions.

Mr BARTON: Moti, thank you. Good to see you again. You are being very generous; that is a very damning process that you have gone through for the last 18 months, is it altogether, since you first started?

Mr MIMERAN: Just about, yes.

Mr BARTON: And you have made a considerable investment, over \$150 000 at this stage, and we have not got to a trial yet because they kept changing the rules.

Mr MIMERAN: Pretty much, yes.

Mr BARTON: Just so the rest of the committee is aware—I am aware what you do, but for the committee—effectively what Moti has developed is an app that operates like Uber does, the way 13CABS does, and he has been able to come up with a technical solution so they can accommodate the Multi Purpose Taxi Program, and this would be a game breaker. Moti is not getting too ahead of himself here, but if it is successful, it will be a game changer for everybody in the industry. It does not matter whether you are a hire car operator, taxi operator, if you are affiliated with the network, whether you are an independent, you will be able to have access to an app that can do everything to meet the BSP requirements. Now, I found it staggering that the regulator has not put more effort into exploring this idea, because their number one complaint at the regulator is about the monopoly that Cabcharge has over the terminals. So I wonder if you can just tell us a couple of little things. The one that I find absolutely staggering is on 17 February 2021, Moti, and your dealings with Al Martin, who was then 2IC, I believe, at CPVV. I understand that he is no longer there now. He is off to the department now. But can you just give the committee a rundown of what you were told after you spent \$150 000?

Mr MIMERAN: Thank you. Yes. We received pretty much a communication out of the blue from Al. I had never met him before, and the communication was quite laconic in the sense that it was to say, ‘We will not be participating in the program because the MPTP has decided that they do not have any resources to certify any more DCPs’, and therefore 13CABS, I believe, Ola and Uber will be the only functioning DCPs and therefore we should be aiming to contact them to be our DCP processor for MPTP rights.

Mr BARTON: Interesting strategy.

Mr MIMERAN: Yes. That was obviously a preposterous thought considering that we built Australia’s first solution that actually completely and utterly negates the need for drivers to have any need for a hard meter or a hard EFTPOS machine, which would actually reduce their monthly operating costs by over \$1500 just in licensing fees and would reduce their administrative costs of having to report on rides and report on the levies et cetera by a significant number of hours. So in effect we had probably the most, I guess, advanced and most inclusive solution out there—which, I should say, only about a month or so, if I remember, before Al rang us we actually did a full demonstration to the broader project team, and they thought it was fantastic; it was great. It was innovative, it was the first of its kind and it ticked all the boxes. We have been literally ready to go since then. So it was a bit disappointing, and I am happy to say that for whatever reasons eventually things transpired

slightly differently and we were able to progress further when I believe AI moved to another position and the team was assigned a new project manager, which is Mr Wesley, who, all in all, I have to say has been a real pleasure to work with.

Mr BARTON: Do you feel—certainly other suppliers have felt—that your business has been discriminated against in the process?

Mr MIMERAN: Absolutely it was, without a doubt. When you look at the process of doing the implementation or the certification of us as a DCP—and just for the record, I own 11 technology companies, all in software. I have built some of the most complex software solutions Australia has seen to date—I do not mind saying so, and I think you know that as well—in various industries, from health care to transport, to property management, to real estate. I know technology. I was hands-on involved in my period of time when I was with companies like Honeywell in some of the most complex projects in this country: the two desalination plants, the Fiona Stanley Hospital in WA, the new Royal Adelaide Hospital. I have designed some security systems for some of the high-security prisons in the state. I can tell you that the testing of our DCP module will take no more than 20 minutes.

Mr BARTON: How long have you been waiting to try to get that done, that process done?

Mr MIMERAN: Seven months.

Mr BARTON: Seven months?

Mr MIMERAN: Yes. But it is important to say something, and I am not saying this necessarily in defence of anyone: there is a fundamental flaw in how the project has been looked at from an MPTP perspective, where the assumption is that on the one hand we are calling on DCPs to come and participate but on the other hand we are coming to the assumption that a DCP is also a BSP. That is correct for 13CABS, that is correct for Ola and that is correct for Uber. That is not correct for the likes of others. I know some of the other participants that wish to participate in the process, and that is not the case. So for us, for example, we have both DCP and BSP software. We purposefully separated them because we felt that it is really important that as a DCP we should be able to provide services to any BSP, whether the BSP wants to use my BSP software or not. We should not be discriminating against any BSPs. So to that effect I took a decision that would actually hurt my company, my best financial interests, and I have separated the two modules.

From the MPTP perspective my assumption is that because they assume that all DCPs are going to be both BSPs and DCPs they have just assumed that it is going to be a tedious process where you have got to do whatever—200 drives and collect the data and then report it and do reports et cetera—when in effect as a DCP it is not. It is a simple case of literally our system generating an output data report, like we would do every single day at 2 in the morning, and the GoFax system on the MPTP side accepting it, processing it and sending us back three files. One is the file that tells us which rides have been paid, the second file gives us the list of valid members and the third file is the valid members with their available balance. That is it. That test literally takes 10 minutes.

Mr BARTON: Moti, can you just tell me: when you have dealt with other government departments and other big businesses, is this normal, this level of action—the way the regulators behaved?

Mr MIMERAN: Look, I must be frank: I have never really dealt with a regulator before. So I will be fair and reasonable and just say that I have not really had that much experience to the extent that I have now, which is literally hands on. But I will say working on, again, multibillion-dollar projects across Australia when I was very fortunate working for a large conglomerate, there is a level of complexity that is unnecessary, which, in my opinion, stems from the fact that possibly there is some level of maybe insufficient understanding of (a) the industry and (b) who are the actual players that are participating. Meaning if I came in with a system where I am like an Uber, where I am literally a BSP and a DCP, I understand it. That is actually a very tedious—could be a tedious—process to certify a participant of this nature. But I am not, and we made that very clear in a number of emails and a number of conversations. And realistically I worked on the assumption that that really should be no more than a 10-minute exercise, and you can easily prove that either it works or it does not. That is the beautiful world of software: it is literally 1s and 0s.

Mr BARTON: Yes. It either is or it is not. Chair, I will pass on to someone else. And good morning to Mr Finn.

The CHAIR: Thank you. Very informative and exciting. That is right: I will also acknowledge that Mr Finn, our Deputy Chair, has also joined us. Mr Meddick, over to you.

Mr MEDDICK: Thank you, Chair. Thank you, Moti. Look, the more intricate details—I have just been going through your submission that you have sent to us here, and it reads like the works of Chaucer, you know, it is so involved. I just cannot believe the obfuscation and the fences and hoops you have had to jump through, and then information not coming back to you in a timely manner. I am technologically not very savvy, but I do understand your point that you were talking about before where, when we are talking in terms of software, things are very, very fast. You put something into this wonderful machine in front of you and it goes off and you get a reply back very quickly. It is not a difficult thing. I just wanted to ask a couple of questions on the personal protection side of things, because given that you have been involved in this field for so long—and forgive me if I am being Captain Obvious here—do you have all aspects of the app that you have developed and the attendant IP trademarked and protected?

Mr MIMERAN: My apologies. Could you repeat the question? I froze on my end. I quickly changed connections.

Mr MEDDICK: That is okay. I just wanted to ask, with the app, have you got all aspects of the app and its attendant IP trademarked and registered so they are all protected? Yes, good. I would not have liked to have seen you in a situation where you have developed this thing and it appears that it is not going to be taken up and then suddenly, voila, there is an announcement from CPVV that they have got this wonderful new app that you can log in to, and it is exactly the same thing but it is being given by another player. I cite the history lesson of, you know, in the First World War the English were developing tanks and the King of England was also in charge of the military, and his cousin was in charge in Germany, and suddenly the English troops in Germany saw tanks rolling over the trenches. That is the sort of thing that I am hoping that you can avoid. And the other thing, then: is CPVV in possession at this point in time of any sensitive details of your app that might be commercially sensitive that, if something like that happened, would constitute a breach of those trademarks?

Mr MIMERAN: I would say primarily it may be some of the commercial ideas that we have implemented across the system. Obviously we have divulged them. Because there are a couple of mechanisms around, for example, fraud detection, which was a very big part of the system. We came up with a number of pretty nifty little tricks of how to avoid or manage fraud prevention. We have obviously disclosed that information. It is in our submission documents. So ideally I do not think it would get to any other hands, but—

Mr MEDDICK: Okay. I just would not have liked to see you be in a position where you have worked so hard on developing this thing, for someone else to sort of move in over the top, that is all. That is all I have got, Chair, thank you.

The CHAIR: Thank you, Mr Meddick. Mr Finn, do you have a question for Moti? Or I might pass back to Mr Barton.

Mr FINN: No. Look, we will pass back to Mr Barton for the moment. I just joined the conversation, so I have missed most of it, unfortunately. So I will cede to Mr Barton on this occasion.

The CHAIR: Thank you very much, Mr Finn.

Mr BARTON: Thank you, Mr Finn. Moti, just in terms of data collection and data safety and data management, we have recently found out that Uber send all their information offshore and there was a serious breach of data back in 2016 and then the federal government pulled them into line over that. We seem to be—the regulator seems to be—splitting hairs down here about the data. How are you going to protect it? First of all, where is your data being held? Does it meet the requirements of the state and federal laws that it be held in Australia? And how do you protect the data?

Mr MIMERAN: Okay. A very, very, very good question. Thank you for that, Rod. The answer is: absolutely this is imperative. All the data we collect across all our systems, in all our businesses in Australia, is retained in Australia. We use, like many other companies, providers like Amazon Web Services that do all our

cloud hosting, and we particularly use cloud infrastructures that reside only in Australia, particularly in Sydney and in Melbourne.

Within my group I have experience, particularly in the healthcare space—as I may have mentioned before to you, Mr Barton—and in that space obviously everything around patient data is extremely, extremely important. And we have been able to obviously meet those standards. So to that extent what we have done is we have simply implemented the exact same measures that we have applied to medical systems. We have built them into this system as well. And again, that is across all our systems.

I think it is important to know that one of the things that I thought would be a key selling point—call it that, if you may—is that we are an Australian company that actually pays Australian taxes. I thought that would be something that—

Mr BARTON: A novel approach.

Mr MIMERAN: Yes. You know, I thought, ‘Let’s try something new’. So to that extent I thought—you know, I struggle with that idea, I will be honest, of having offshore companies doing what they are doing and not necessarily sharing the spoils here with us, especially during these difficult times.

But definitely about the data I want to be very clear: all data is in Australia; it does not leave our shores. We have a very, very strict data privacy statement that is available for everyone on our website as well as our mobile applications. It states very clearly that we do not monetise any of our user data in any way whatsoever. That includes, by the way, between our various companies and any potential cross-marketing opportunities that could or may exist, even the fact that they are in Australia. Although it is within our rights to do so under certain circumstances, we still choose not to do so.

Mr BARTON: That is good to hear, Moti. One of the criticisms of the regulator in terms of opening up the Multi Purpose Taxi Program to Uber is allowing Uber to do surge pricing on our most vulnerable people. Because as we know, the majority of them have a cap on how much they can get, so if they are exposed to surge pricing—you know, the wind changes direction, the sun is in their eyes—all of a sudden the fare is three times the price. How do you set your fares, and what is your policy regarding fare setting?

Mr MIMERAN: Again, a very, very important question. I think that any process of surge pricing is absolutely despicable and should not be applied in any industry full stop. That is my personal position. Obviously every company can make their own commercial decision. This is a decision we made within our company, and we think it makes sense. All our calculations of fares are being done—whether, by the way, it is a taxi ride or whether a passenger will be using a, let us call it, rideshare-type vehicle—based on the standard rates that are advertised and are stipulated by the state government on their website.

Mr BARTON: Maximum fare rate, yes, set by the Essential Services Commission.

Mr MIMERAN: Absolutely, and we will not charge—now, we would be only too happy to charge less, but there is a fine balance, obviously, between the best interests of the passenger and the best interests of the driver. And we believe that in order to really keep a vibrant market where it is worthwhile for everyone to participate, then really it means that if we stick to the government guidelines around pricing we are being fair, we believe, both to the passengers as well as to the drivers.

So just one further point on that—although this might be your next question: we do not charge our drivers any transaction fees whatsoever.

Mr BARTON: That was my next question, Moti. I just want to say to you that we know that up to 30 per cent of the fares that the Multi Purpose Taxi Program costs, which are going to get paid, is going to be diverted by the Netherlands back to Silicon Valley, to a bunch of billionaires, not staying in our local communities. So I will ask the question again, Moti: where is that money going to last when it comes to you?

Mr MIMERAN: It might surprise you, but my answer will be that we do not charge any transaction fees from drivers. We have actually taken a different measure as well, if I may add here. Look, it would have been the easiest thing in the whole world, to be perfectly frank, to build another Uber system. That would be the easiest thing in the whole world. It is a very simple system to build. I could build it in my sleep if I needed to—

'me' being my team. What we chose to do, again, as you know and as I have mentioned previously, we took a much more holistic approach behind this. So we understand that realistically there are only so many rides available in the marketplace at any given moment in time. And the reality is also that we have a very large number of drivers and there is just not enough work for everyone else. So to that effect what we did was, because of our corporate position as a group, we were able to now create other business models that could benefit the drivers. So to that extent we have actually implemented three other ways that drivers could benefit from working in our system, and that would be through parcel deliveries. So number one is: there is a feature of parcel delivery that can be chosen by a passenger, meaning—

Mr BARTON: Sorry, Moti, we have to stay focused on the Multi Purpose Taxi Program and your involvement around that.

Mr MIMERAN: Okay. Sorry.

Mr BARTON: Look, I think your document here is very damning. I am familiar with your service, and I will declare that when I was operating a hire car service I did use GRABiD as a dispatch system to offload work to my drivers or a fleet of drivers or to drivers I did not even know, and it worked. That is all I can say; that is my experience.

The CHAIR: Thank you, Mr Barton. And thank you, Mr Mimeran. I also just want to thank you for that informative presentation, especially the document you sent through outlining your experience as, I guess, a participant in this marketplace or a subsection of the market. We really appreciate it. It will really inform the committee in its deliberations moving forward. So thank you for joining us.

Mr MIMERAN: Thank you very much. I appreciate your time.

Witness withdrew.