

Mr. John Banfield
Inquiry Director
Competition Commission
Victoria House
Southampton Row
London WC1B 4AD

Dear Mr. Banfield,

Quinquennial Review and Heathrow Taxis

BAA's Statement (BAA/2007/ 248)

Further to my letter dated 8 May 2007, I would like to comment on BAA's statement made to the Commission in response to complaints from London taxi drivers working at Heathrow Airport :-

- 1) Taxi drivers do not claim there is a contract directly between BAA Heathrow (HAL) and JourneyPay. Contrary to the impression BAA seeks to give in its conclusions, taxi drivers who complained to the Commission are not ignorant of the facts or mis-informed. They are in possession of all relevant documents and are fully conversant with the meaning and effects of all contracts to which BAA and taxi trade entities are parties.
- 2) The common subject matter of three separate taxi industry contracts requiring BAA's participation is credit card processing at Heathrow Airport. It is a complete waste of time for BAA to submit to the Commission that it does not have a major controlling influence over the contractual terms under which HALT promises credit card processor JourneyPay financial support from driver owned funds.
- 3) For the avoidance of doubt, BAA employs HALT as a contractor and HALT in turn employs JourneyPay as a credit card processor. One of the conditions of HALT's contract with BAA, requires BAA to give HALT written consent to employ the services of JourneyPay. Although BAA advises the Commission that it does not appoint credit card processors, BAA cannot deny being ultimately responsible for ensuring that JourneyPay enjoys exclusive business rights and incentives to process the credit card transactions of Heathrow taxi drivers. BAA is also ultimately responsible for allowing JourneyPay access to driver owned funds held by BAA.
- 4) It is accepted in the Heathrow taxi industry that BAA is anxious for JourneyPay to offer its services at Heathrow. It is also accepted that JourneyPay representatives are behind written proposals for BAA to take a percentage of Heathrow taxi fares when Terminal 5 opens in 2008.
- 5) BAA's contract with HALT stipulates that the society must at all times comply with laws regulating Industrial and Provident societies. HALT's critics

constantly complain to BAA of the serious constitutional malpractice within HALT and BAA cannot fail to be aware that the society is not controlled by an elected executive committee as required by IPS law. But because no apparent harm is directly suffered by BAA as a result of malpractice by HALT representatives, BAA refuses to deal with the main justifiable complaint that taxi drivers should not be compelled by BAA to invest money in HALT.

6) Complaints about HALT have been made to the Financial Services Authority (FSA) and at the time of writing the final outcome of the FSA's deliberations is calculated to be a long way off. HALT was registered in September 1992 under the Industrial and Provident Societies Act 1965-1978 (IPS Act) and is categorised by the FSA as a non-regulated mutual society. Although HALT is registered under the IPS Act, the society is not regulated by the FSA. The financial facts and figures routinely accepted from HALT by the FSA would not be recognised by a court of law as audited accounts prepared in accordance with FSA standards. Similarly, a court of law would not recognise HALT's so-called chairman and his colleagues as an elected executive committee of management. With regard to the FSA taking action against HALT over the society's accounts, the FSA says it must prioritise the use of resources and confirms that because HALT is a very small organisation, HALT's failure to produce properly audited accounts for financial years 2004/5/6 will not result in a prosecution. During the most recent contact between the FSA and Heathrow taxi drivers, the FSA says it will look into breaches of FSA rules by HALT, but only if complainants are prepared to provide security for the FSA's costs which are likely to be considerable due to the time consuming and complex nature of FSA enquiries.

7) Given that HALT is an Industrial and Provident society, only an elected committee of management can seek and acquire authority from the society's membership to conduct business with BAA. In the context of ensuring the validity of a contract with HALT, BAA's legal department appears to have drafted the contract document, without due consideration of the fundamental argument that self-appointed HALT executives cannot act in substitution for elected executives.

8) With regard to the 20p technology levy, the four taxi trade organisations at Heathrow have neither jointly nor severally asked BAA to impose a levy as part of Taxi System charges. BAA could not possibly produce the minutes of any meeting attended by drivers' representatives at which the four trade organisations asked BAA to introduce the 20p levy. The idea of a technology levy was introduced during unminuted private meetings between BAA and HALT representatives as part of a drive by individuals in HALT to enhance the value of personal financial interests in JourneyPay.

9) The so-called HTTP agreement detailed in paragraph 5.1.5 of BAA's statement is currently non-existent or exists only in the eyes of BAA and HALT. At the time of writing, only one of the four taxi trade organisations at Heathrow, namely HALT, supports the HTTP agreement. There may have been a short period in 2006 when the HTTP agreement appeared to have the support of taxi drivers, but following a critical assessment of the rules under

which JourneyPay was to operate at Heathrow, their support for the HTTP agreement was withdrawn. In the end, the HTTP agreement was never jointly formalised by the trade organisations. Any documents held by BAA purporting to be evidence of a so-called HTTP agreement are entirely spurious.

A Taxi Driver