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Cabcharge comments on Queensland Government taxi reforms

FOR IMMEDIATE RELEASE

SYDNEY, 11 August 2016 – Cabcharge has been advised that the Queensland government is proposing to impose a 5% cap (inclusive of GST) on what it refers to as ‘non-cash taxi surcharges’ commencing some time in 2017.

The regulatory framework is still to be drafted.

Queensland Transport Minister Stirling Hinchliffe released the policy reforms today, which include a cap on taxi payment service fees of 5 percent, regulation of ridesharing, exclusive rank and hail access for taxis and compensation for taxi licence plate holders.

Chief Executive Officer of Cabcharge Andrew Skelton said the cap on service fees of 5 per cent was disappointing, but not unexpected.

“It’s important to understand that the service fee payable on card transactions in taxis reflects not just the cost associated with processing the payment, but providing the in-car technology to do so. These costs include maintaining a robust and mobile payment terminal. These terminals process a relatively low number of transactions in comparison to other retail terminals.

“Unlike a retailer, which can set a price for its products to cover all costs, taxis cannot set their prices because fares are regulated; the maximum fare for card or cash is imposed by the government. If service fees do not cover the high cost of processing card payments, payment providers will be forced to exit the market,” Mr Skelton said.

Cabcharge currently processes approximately \$201m of taxi fares in Queensland each year, giving rise to approximately \$17.9m of service fee income. These amounts include all categories of transactions processed by Cabcharge in Queensland. Approximately 30% of this is channelled back to taxi networks in Queensland to assist in their service operations.

If the service fee in Queensland is limited to 5% and if the limitation were to apply across all categories of transactions processed by Cabcharge, Cabcharge’s taxi service fee income could be reduced by approximately \$10.7m.

The impact on Cabcharge of a reduction in the level of service fee in Queensland may be mitigated by an increase in electronic payments, a decrease in the level of competition in the transaction processing market in Queensland and/or a reduction in the processing fees paid to networks.

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About Cabcharge Australia Limited

Cabcharge is an Australian company with a diversified portfolio of payment technology, financial services, taxi payments and passenger transport. In addition to providing a payment method, Cabcharge is the leading electronic payment system for taxis in Australia, found in 97% of Australian taxis as well as limousines and water taxis. Cabcharge also owns Combined Communications Network Pty Ltd (CCN) – the largest taxi company in Australia. Cabcharge was established by the taxi industry in 1976 as a financial services provider for the Industry to provide a secure alternative to cash. With a history of innovation, Cabcharge is committed to providing the best payment solutions with security and reliability paramount.