

Cutting costs for taxi users on the cards

30 May 2019

Commercial passenger vehicles

Taxi users could save a little on taxi fares with the state's price regulator proposing a drop in fees for those paying by card or other cashless options.

The Essential Services Commission says a cut of 0.5 per cent (from 5 to 4.5 per cent) for these non-cash payment surcharge fees would better reflect the costs incurred by taxi operators and payment processors.

Non-cash payment surcharges are fees charged to passengers, on top of the standard taxi fare, for paying by any method other than cash.

Commission chief executive John Hamill says a review of the surcharge shows it is sometimes used to subsidise unrelated services.

"Offering cashless payment options is important for customers but we found the surcharge is sometimes being used to subsidise unrelated services like fast food discounts for taxi drivers.

In our view, the surcharge should reflect reasonable costs related to processing fares using credit and debit cards, and not spent on services that have limited benefits for customers," he said.

The recommendation to reduce the surcharge reflects feedback received from drivers and passengers on a [consultation paper](#) released in December 2018.

“We are satisfied a 4.5 per cent surcharge will enable processors to operate effectively, while ensuring taxi users only pay reasonable fees for using non-cash payment options,’ he said.

The commission will consider feedback before making a final decision later in the year with the current surcharge remaining in place until then.

[View the full report.](#)

Submissions on the draft decision should be sent to transport@esc.vic.gov.au by 22 July 2019.

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