

Fees to fall for most taxi passengers paying by non-cash methods

24 March 2020

Commercial passenger vehicles

Most taxi users will save on taxi fares paid by non-cash methods with the state's price regulator [reducing the maximum surcharge](#) that can be imposed for using common credit cards or other cashless options.

The Essential Services Commission has set the maximum surcharge limit for most non-cash payment methods at four per cent, down from the current five per cent.

The only exception is commercial passenger vehicle specific payment instruments which will have a six per cent maximum.

The commission's director of pricing Marcus Crudden said the maximum surcharges have been set to ensure taxi users paying by non-cash payment methods only pay reasonable fees, but processors are also able to recover their reasonable costs.

"These maximum surcharges will promote efficiency in the non-cash payment transaction industry while allowing businesses to recover the reasonable cost of accepting and processing such transactions," he said.

Mr Crudden said the two-tiered pricing structure was the best way to promote efficiency in the non-cash payment transaction industry and promote the long-term interests of Victorian consumers.

“If we continued with a single maximum surcharge that allowed cost recovery associated with Cabcharge payment instruments, then other passengers would have to pay more than the reasonable cost of other non-cash payment methods,” he said.

Mr Crudden said the current five per cent maximum surcharge is above the reasonable cost of accepting and processing non-cash payments in all cases except Cabcharge payment instruments.

“Our analysis shows the costs of accepting and processing non-cash payments for taxi payment processors ranged between 3.6 and 3.9 per cent for most non-cash payment methods.

“However, Cabcharge incurs additional issuing costs, which other taxi payment processors do not so a surcharge of 6 per cent is more appropriate,” he said.

The new rates will come into effect on 1 July 2020.

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