

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

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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