
ASX RELEASE

Victorian Essential Services Commission releases draft paper on Taxi non-cash payment processing fee

31 May 2019 – The Victorian Essential Services Commission (“ESC”) has released a draft paper proposing to reduce the service fee cap by 0.5% effective from 1 January 2020. If the cap was to be reduced to 4.5% inclusive of GST (as proposed in the draft paper) service fee income would be impacted by approximately \$1.3m per annum.

A2B can mitigate a potential \$1.3m impact of the proposal by adjusting payments to other participants in the value chain, such as Taxi Networks and Drivers. A2B balances the services and contributions it provides to stakeholders and the community with its obligations to its shareholders. For example, A2B has assisted the Victorian Government to provide subsidised transport solutions to people who face challenges in accessing public transport. A2B advised the ESC that these services were provided at a loss in Victoria. A2B will review its support of the Multi Purpose Taxi Program in Victoria in the event the revenue base is negatively impacted by additional regulatory rulings.

“It is disheartening to see another local regulator favouring rideshare, which remains free of effective regulation, over Taxi. The ESC’s draft paper mischaracterises the nature of the services we provide and demonstrates a lack of understanding of the paid personal transport sector. It again exhibits an ongoing bias towards uber,” said A2B CEO and Managing Director, Andrew Skelton.

“There are actions we can take to protect our EBITDA from the proposed reduction if it were to go ahead. Unfortunately, the actions available to us have implications for other stakeholders in the sector. We discussed these extensively with the ESC who have decided to turn their backs on the real issues impacting the Taxi industry.”

The ESC’s proposal adds to the challenges that the ESC has already imposed on Taxi Drivers. The ESC has refused to increase earnings for Taxi Drivers since 2014. Since that time the average weekly earnings of other Australians have increased by 8.7% and CPI has increased by 7.7%. In its current draft paper, the ESC is endorsing additional hardship being imposed on Taxi Drivers by regarding the modest benefits that Drivers can access in recognition of their support of electronic payment services as unnecessary and something that should be taken away.

A2B will review the draft paper and engage in ongoing consultation with the ESC.

“Regulatory headwinds are something we are accustomed to at A2B. We are becoming practised at leading the industry through changing regulatory settings and competing against unlawful and unprofitable competition. Whilst we believe that the ESC’s draft proposal is flawed, our commitment to improving services for Passengers and Drivers in the growing market for trips will not be impacted,” concluded Mr Skelton.

For further information call Dana Standfield 0403 372 612.

About A2B Australia Limited

A2B is an Australian ASX listed Company with a leading position in personal transport. A2B's dispatch technology is deployed globally and our expertise in payments is embraced by retailers and the Taxi industry throughout Australia. A2B is home to brands including 13cabs, Cabcharge, EFT Solutions, and Mobile Technologies International. In support of Professional Drivers and their Passengers we provide class leading and cutting edge technology to 96% of Australia's 22,000 Taxis as well as to Taxis in 50 cities throughout North America, Europe and New Zealand. Our 13cabs Taxi network is the largest in Australia directly supporting 10,000 vehicles and 40,000 Drivers. We believe in the importance of accessible, dependable and equitable transport in the community and are building the team, technology and brands to support its delivery.