



3 October 2014

NSW – Minister announces proposed start date for price capping of service fees

The Minister for Transport in New South Wales today nominated her intended date to commence the proposed 5% price cap on service fees charged for credit and debit cards in taxis in New South Wales.

The intended commencement date of the price cap is 12 December 2014.

The 12 December commencement date was contained in a Media Release and Cabcharge has not seen the Regulations or Fares Order containing the details of the price cap and how it will be implemented.

Cabcharge has previously advised (on 8 April 2014) that the price cap has the potential to reduce its service fee income in New South Wales by approximately \$14m. A range of mitigating factors may reduce this impact on the service fees. These factors include:

- An increase in electronic payments generally
- An increase in market share resulting from competitors being less able to pay commissions to taxi drivers
- A reassessment of the merchant fees Cabcharge pays to taxi networks
- A reassessment of incentive payments Cabcharge pays to taxi drivers in Sydney

New South Wales is following a similar path to Victoria, which implemented its version of a price cap on 1 February 2014. Whilst the markets are significantly different in New South Wales and Victoria, per Cabcharge's FY14 results presentation, Victorian Payment Turnover increased by 31% between 1 February 2014 and 30 June 2014. The combination of increased turnover and the cap on service fees resulted in a reduction in service fee income for those 5 months of approximately \$4.5m in Victoria (as compared to a potential annual impact of approximately \$11m as reported on 30 May 2013).

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