

# Taxi non-cash payment surcharge review 2019

## Submission received through email

**Date submitted: 28 January 2019**

**Submission written by: Anonymous**

On 11 December 2018, we published our consultation paper for the Taxi non-cash payment surcharge review 2019. This consultation paper asks stakeholders for their views on maximum surcharge in taxis, our proposed approach to assessing it and other issues related to it.

## Email submission

I would in this instance like to present my submission for consideration. In my view the non-cash payment costs are indeed a complicated issue and have not been fully considered in the past. It is my intention to provide some points for review by the transport team to take into consideration.

Once again the costs associated are all too often looked at as only the costs of the merchant fees. In my view this makes up only a part of the costs of the provision for non-cash payments in our industry.

I feel that it is necessary that all costs associated with the provision of merchant facilities should be taken into consideration. For example our industry is met with not only a 4.5% American express merchant fee but we also have to wait for 31 days after the transaction has occurred before we receive the money in our bank. Depending on how people finance themselves this 31 days could be anywhere between 0.5% to 1% cost to the provider. In addition to this there are a couple of ways that we can transact American Express, that being either via an eftpos machine for which we pay rental of \$55-00 per month per machine or via a software package using a third party gateway.

The third party gateway costs between 0.5% to 1.5% per transaction depending on how many transactions per month and the dollar value of each transaction. Rental of machines also cost between 0.5% to 1.5% per transaction again depending on the number of transactions and the dollar value of each transaction. In the event that an eftpos machine fails to communicate it becomes necessary to use manual docket books which are also purchased from Cabcharge.

In summarising therefore American Express can cost anywhere from 7% to 8% per month depending on how many transactions per month and what their average dollar value is. In fairness using the same formulas but starting at a much lower merchant fee of 2.5% for Visa and

Mastercard coupled with all of the above charges then that makes Visa and Mastercard fees net out at between 5% and 6%.

So in our scenario when we average out the percentage of transactions using Amex and Visa and Mastercard we end up with a nett average minimum of 6.5% cost to us for providing our merchant facility and that is without including the administration time to provide and police that facility vs cash which has almost zero administration time associated with it and no stationary.

In our opinion we can easily prove the cost base of around 6.5% which means that we are 1.5% worse off when compared with the allowable 5% cap. Further to this when we used to use the traditional broker eftpos facility we were categorically 2.5% behind on the basis that when we had a customer charge of \$100-00 plus the 5% cap which came to \$105-00 we would take that to our broker and return with \$97-50. So via broker providers the nett cost to us for providing that facility is 7.5% end of story.

In short the current cap of 5% is insufficient to cover our running costs of a merchant facility and we strongly urge that an increase of 2% to 2.5% is put in place to stop our losses.